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ABSTRACT

This report examines two specific feasibility areas: lateral transfer of personnel between the Navy and industry, and short naval careers. During the course of the study, discussions were held with senior representatives of 38 corporations, with labor union officials and with several Navy areas, including the sections of BuPers and the Naval Training Command. The study has been exploratory in nature and has sought primarily to determine the reaction of industry and of labor to the two concepts. The following conclusions are presented: the principle of lateral transfer between industry and the Navy is acceptable to industry; Navy personnel requirements, at least as regards officers, can be fulfilled from the Naval reserve component for the foreseeable future; precedents for lateral transfer between industry and Navy exist; the lateral transfer of civilians into the Navy postulated during the discussion of the idea with industry does not appear to be workable; short term lateral transfer of Naval officers to industry appears quite workable. Summaries of the discussions with the industries approached are appended. (Author/SA)

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FINAL REPORT

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Exploring Links Between Naval and Civilian Careers: Lateral Transfer and Eight-Year Careers

By
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HI-1912-RR

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7 December 1973

Prepared for:

Office of Naval Research
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Arlington, Virginia 22217

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This report examines two specific feasibility areas: lateral transfer of personnel between the Navy and industry, and short naval careers. During the course of the study, discussions were held with senior representatives of 38 corporations, with labor union officials and with several Navy areas, including sections of BuPers and the Naval Training Command.

The study has been exploratory in nature and has sought primarily to determine the reaction of industry and of labor to the two concepts.

In the process, the reactions of the various Navy areas contacted (BuPers, Recruiting Command, Training Command, etc.) were solicited and their suggestions and guidance sought. Where appropriate, the views expressed are reflected in this report.

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APPENDIX A

APPENDIX B

Mandatory Distribution List

[illegible]

This report is the results of the study performed under [illegible] between [illegible] and [illegible]. The specific functions were examined. Several [illegible] of personnel between the Navy and industry, and other issues. During the course of the study, discussions were held with senior representatives of 28 organizations, with taken price officials and [illegible] Navy areas, including members of Buffalo and the Naval Training Command.

The study has been exploratory in nature and has sought primarily to determine the reaction of industry and of Navy to the two concepts.

In the process, the experience of the various Navy areas contacted (Buffalo, Recruiting Command, Training Command, etc.) were surfaced and their suggestions and guidance sought. Where appropriate, the views expressed are reflected in this report.

The conclusions in the three sections of this report follow:

1. [illegible]

This seems clear as a result of the discussions both with the 28 companies during the study. Although a number of concerns were highlighted by various of the companies, it would appear that industry as a whole would be responsive to a General Transfer program of some sort provided it appeared to offer [illegible] to the Navy, as previously during the discussions, provide benefits to the participating companies, to both.

2. [illegible]

With a bonus [illegible] to 7 ranks of [illegible] officers to active duty of [illegible], in addition to those officers to [illegible] which appear that officer requirements can be satisfied [illegible] personnel requirements cannot [illegible] to [illegible] as [illegible] officer requirements. [illegible] generally [illegible] [illegible] [illegible]

counterpart occupations. The intent was to provide sufficient information to the non-Navy reader to enable him to understand the nature of the assignments without lengthy discussions. (It was explained that although the billets listed were actual billets, they did not represent existing shortages but were merely intended to illustrate the types of assignments which exist in the Navy, the types that program participants might be asked to fill.)

In developing the questionnaire, civilians were specified for lateral transfer instead of naval reservists because the basic intent of the program was to determine industrial reaction to the concept of lateral transfer. Since many companies have long established policies regarding active duty for reservists, we sought to keep such reservist policies distinct from lateral transfer in the minds of the company spokesmen. Transfer of civilians with no military background provided a useful focus for discussion since it required consideration of company involvement in a joint Navy-industry cooperation exchange program. Thus, when company reserve policies were mentioned, we made clear that this program was to be deemed independent of existing reserve programs, and that reserves would not be included in such a program.

As has been mentioned, tours of duty were originally hypothesized to be from two to four years, to provide the Navy with personnel for normal duty tours in the billets to which they would be assigned. In initial discussions with industry representatives, however, it became clear that companies would not consider loss of services of their people for such time periods. People who were away from their jobs for such periods, it was maintained, would be hopelessly behind in their careers on their return and could not be brought back into their companies at the levels

they would have attained had they not spent time in the Navy. In many cases, such people might not even be brought back at the levels they had reached prior to their departure, due to changes which would have taken place in their absence. The people the Navy would want, i.e., the bright young "comers," would well appreciate that point and would refuse to participate in the program. Some spokesmen felt that a break of a year would be disastrous to the career pattern in their companies. This would apply more to administrative people than to engineers and scientists, but protracted absences would have adverse effects on all careers in the opinion of those with whom we spoke. Thus, the notion of utilizing civilians for normal duty tours was discarded and discussions focused on their use as short-term stop-gaps to serve until such time as the Navy could replace them from within the regular establishment, but for periods mutually agreed on beforehand. Since one of the reasons for participation in such a program would be to obtain training which might ultimately be of use to the parent company, and since in many cases, relocation would be required for participants, a year seemed to be a reasonable period of time for such assignments. It also tended to balance the program in the sense that Navy personnel were projected to spend a like period in industry. This might appear to be a minor point but the question was raised by some of those contacted who felt that industry should not be expected to provide people for longer time periods than would the Navy.

Preliminary discussions with BuPers[1] had brought out the fact that statutory limits exist on the rank which may be assigned to individuals entering the Navy with no prior military experience. With few exceptions,

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[1] Plans Division, Officer Plans Branch, Bureau of Naval Personnel.

such people cannot be brought aboard with ranks above LCDR. For the purpose of the study it was suggested that we consider that rank to be the highest which could be assigned a transferee. We also felt that individuals in the 25 to 35 year age group would be less likely to be in key positions in their parent companies and would thus be more available for transfer than older employees. For petty officers, no rating limit exists. Under the on-going Direct Procurement Petty Officer (DPPO) Program people may be brought into service as chief petty officers if their civilian skills warrant. But most of the discussions with industry centered on officer-level transferees for reasons given on pages 9 and ten of this report.

Selection of the probable age category for naval officer transferees was somewhat arbitrary. It was based on discussions with officials at several BuPers desks, all of whom stressed that naval officers with eight to ten years of service are reaching the point where they will begin to assume a variety of new and more complex administrative responsibilities. Many will have attended graduate school in preparation for their new roles. This also appears to be a time when many officers make a final decision regarding their future in the Navy. For many an industrial career seems attractive. Thus a lateral transfer program should provide valuable experience which would be most useful to the individuals in their Navy careers, and would also provide officers with an exposure to industry which could help them to plot their future. Participants in such a program would presumably not have the option of resigning at the end of their industry tour but would be obligated to a period of active duty on completion,* thus the

*The Air Force service-to-industry program carries a 3 for 1 obligation. Thus a 10 month tour in industry is followed by at least 30 months of active duty. The Air Force program is discussed later in the report.

Navy would not immediately lose the services of those who might decide that the industrial pasture is greener. By the time the period of obligated service is completed, the participant will have sufficient service time to make it unlikely that he will sacrifice retirement pay for the uncertainty of an industrial adventure. Air Force experience over the 25 years in which they have had an exchange program in effect with industry has indicated this to be the case with their officers.

The question of pay differentials between industry and the Navy is a sensitive one and one which was frequently the subject of attention in discussions with industry spokesmen. The point was repeatedly made that people would not accept a reduction in pay to participate in an exchange program barring a national emergency. Since in many cases such a differential would indeed exist it was necessary to assure the discussants that such differential would be made up in some manner. Hudson proposed that the company make up the difference between Navy and civilian income. Some companies were quite willing to do this without reimbursement but others were not. To those we suggested that the Navy might reimburse the companies in some manner for such expenses. Subsequent discussions with Navy legal officers indicated that this type of arrangement would probably be unworkable under existing statutes, but for discussion purposes with industry it proved useful in overcoming one of the principal objections to participation. It was clear that some solution to the pay problem would have to be worked out if a transfer program were to be viable. (The point is discussed subsequently in the report and various solutions are examined.)

The final point, payment for relocation costs, does not appear to offer a major problem in that individuals participating in the program

could be placed on active duty at their home addresses and then ordered to their duty stations, as is presently done with reserves. This would permit payment of relocation costs under existing regulations. It was assumed for discussion purposes that the Navy would follow this course, thus avoiding another monetary stumbling block to participation.

B. Industry Reaction to Lateral Transfer

The principal object of the discussions with industry was to determine company reaction to the concept of lateral transfer. For this reason, as has been indicated, a general transfer scenario was employed in discussions. Where necessary, a more detailed discussion of various aspects of such a program was undertaken, but on these occasions the point was emphasized that the talks were purely exploratory and determination of the structure of a lateral transfer program would have to await the outcome of the study and the reaction of the Navy to it.

1. A Petty Officer Program

As the discussions progressed, one reaction was almost universally encountered: the companies were not interested in discussing transfer of petty officers-level personnel. The reasons for this varied to some degree from company to company but the principal ones cited were union problems and the scarcity of skilled personnel within the companies.

Of the two, possible union difficulties were more frequently mentioned. Some companies, such as Consolidated Edison, felt that union agreements

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The President's Commission for Industrial Interchange requires the companies to foot these costs under civil service regulations, a factor which has proven troublesome at times.

precluded any such participation. Others anticipated union difficulties and wished to avoid any chance of friction. These reactions bore on both industry-to-Navy and Navy-to-industry transfers, and were most frequently encountered in discussions with large corporations. As mentioned in our section on labor unions, few problems were anticipated by the unions if they were involved in initial discussions between the Navy and the companies concerned. From the company's point of view, however, it was clear that they wished to avoid any conflict with unions on these issues.

Smaller companies feared that their skilled personnel could not be spared, but large corporations sometimes made the same point. For example, Grumman, which is non-union, and which was among the companies most interested in the lateral transfer concept, took the position that good skilled labor was in short supply and that in-house people could not be spared. It was also pointed out that skilled workers involved in a transfer program would have to be replaced by the companies, thus creating a problem when they returned from the Navy, since they would very probably be in surplus but would have to be taken back under the terms of the transfer agreement. Similarly, Navy people transferring to industry would create immediate placement problems, as well as union conflicts in some cases.

A further opinion cited by several of those contacted was that nothing would really be gained by such a program in terms of experience since no new skills would be learned either way in most cases. Thus participation would involve considerable trouble for the companies

concerned with little or no benefit deriving therefrom. It was generally agreed that service in the Navy for a short period might prove a desirable alternative to laying off skilled personnel during periods of recession, but we suggest that during such times the Navy would probably be successful in recruiting such people under the DEMO or similar programs on a long-term basis and would have little interest in short-term transferees. There was a feeling among a number of the companies that lateral transfer would be a preferable alternative to laying off personnel but the need to guarantee retaining an employee from the Navy, with no assurance that a business upturn would take place in the industry, would probably rule out their participation even in that event.

In sum, a petty officer exchange program was not looked on with favor during the discussions. Consequently the focus of interest was shifted to officer-level transfer.

2. An Officer Program

Reaction to an officer transfer program varied from outright rejection to relatively enthusiastic interest, with the majority of the companies contacted taking positions somewhere between the extremes. Some of those taking a basically negative position left the impression that with further discussion, notably if a firm program existed, they might alter their position. Similarly, some of the companies who showed a positive interest in the concept attached conditions to participation which would make it unlikely that they would in fact participate. Table 1 (page 3) lists the companies contacted by their stated positions vis-a-vis lateral transfer. It will be noted that some companies are interested in both industry-to-Navy and Navy-to-industry programs, while others are interested in one but

[illegible] [illegible] [illegible] [

- Right to return individuals to the Navy
- No union problems

It is of interest to note that some of these conditions (particularly the second and third) don't appear to apply to the Air Force Exchange program* discussed in the section on existing exchange programs.

Several of the executives contacted objected to the notion of prior company commitment. They felt that their companies might well be interested in receiving naval officers but would like to retain the option of selecting those of interest to them. Hence they would object to committing themselves to participation where such commitment would require them to accept naval officers whether or not they would be considered of use to the company. This, of course, ties in to the second condition. It was strongly stated by several of those contacted that their companies would have to have need of the types of officers available at any given time before they would accept them. This position was most strongly held by representatives of the smaller companies, who in general felt that productive Navy people would be most welcome, but that those who could not really contribute would be unacceptable.

The issue of expenses was raised by most of the companies but what might constitute excessive costs was never really made clear. It would seem that expenses would be of little consequence to industry in view of the fact that the Navy would pay the salaries and relocation costs of their own personnel. The Air Force experience would seem to indicate that costs of such a program could be higher than anticipated to both industry and the Navy, however. The issue of costs would hinge on the nature of the program and if the other conditions were met, should not become excessive. But for

*See pp. 36-39 of this report.

the smaller companies costs would be a real issue and one which could easily preclude participation.

The right to return individuals who proved unacceptable was raised by a few companies. It would appear to be a reasonable request, however, and one which would probably arise in most cases if a Navy-to-industry program of the type discussed were promulgated. Thus it must be considered in designing conditions for participation.

The question of union problems has been discussed in connection with the petty officer exchange program and is included here because it was raised by most of the people contacted. In most situations it would not be an issue since most naval officers would be going into jobs which would be non-union. There might be situations where this would not be the case, however. There is a trend under way toward organizing professional people in some parts of the country and the situation might arise in which a company would require permission from a professional union or association to accept a naval officer. In such a case a potential problem could exist which might preclude company participation, unless officers could be found who would agree to join such unions, and the unions themselves were agreeable, which seems quite possible.

6. Principal Objections to Participation, Navy-to-Industry

- Types of people of use to company not available in the Navy
- Tour too short to benefit company
- Proprietary considerations
- No interest in Navy people

The first objection was the one most frequently encountered in discussions. Several people felt that despite the broad spectrum of activities

in the Navy, there would be no compatibility with their companies' activities. Hence Navy people would be of little or no use and their companies would have no interest in receiving them. This was a difficult argument to surmount without being able to be specific as to the types of people who might become available under an exchange program. It is quite possible that some of those taking this position could be persuaded to change their minds if an actual list of participants with qualifications could be provided.

A more difficult objection to overcome is the shortness of the tour. It is possible that the Navy would not be interested in extending an industrial tour beyond a year and equally unlikely that those who objected to short-term exchanges would change their position unless the Navy were to permit longer tours. Thus, unless it could be demonstrated that particular naval officers could step directly into jobs within the objecting companies and perform productively with little or no break-in, the objection would probably stand and would preclude participation by the companies that prefer long tours.

The proprietary protection* objection was totally unexpected and was encountered only with one company, Eastman Kodak. The fact that it was encountered at all, however, made it appear possible that it could become an issue with other companies if a broader sampling were taken. Hence it has been included here. This is an unusual objection and would appear to apply only to certain areas within a company, although it was stated to be company-wide by our Kodak discussant.**

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*That is, the protection of trade secrets.

**It is of interest, however, that Eastman Kodak participates in the Air Force Education with Industry program!

The final objection noted, lack of company interest in Navy people, was encountered about 12 percent of the time. It seems to imply a rather blind prejudice and in general runs counter to the reactions of most of the company representatives toward the Navy. It is another objection which is difficult to counter since it seems to be emotionally rather than rationally motivated. As was the case with some other objections, it might represent personal biases rather than company attitudes but since the individuals who took this position are highly placed in their companies, the practical effect may be to represent company policy in these instances.

7. Responses by Category

At the completion of the discussions with companies the results were analyzed with a view to determining what response patterns, if any, were evident. It was thought possible that a relationship might exist between the type of activity in which companies were engaged and their reaction to a Navy lateral transfer program. To a degree, this proved to be true.

For purposes of analysis, the responding companies were divided into the following categories:

- Defense contractors
- Manufacturing with defense tie-in
- Manufacturing
- Banks
- Utilities (including oil companies)
- Small companies
- Others

Defense contractors were defined as those companies whose primary functions were centered in production of weapons and weapons systems.

Two such were included in the survey; LTV and Grumman. The reaction of these two companies could probably have been predicted; they both expressed support for a lateral exchange program or any other program the Navy might generate. In each case company personnel were working with and for the Navy under NAESU contracts, as technical representatives at Navy bases and on board ships, etc. In each case the Navy is a prime customer and it is not surprising that the companies were willing to cooperate. In discussions with LTV executives the statement was made that any defense contractors would fully cooperate with the Navy in this or other programs because it was clearly in their interest to do so. This is probably true, at least to a degree, and it seems probable that the defense industry would be the most fertile ground for developing a program of the type being discussed.

Manufacturers with a defense tie-in refers to those companies who do substantial business with the Defense Department but whose principal market is elsewhere. This category would include Westinghouse and Eastman Kodak. Here the defense tie-in appeared to have little or no effect on the reaction of the companies to the proposed program. In each case the companies showed interest in providing people to the Navy, subject to various conditions, but no interest in having Navy people in the company. In fact, both companies stated strong opposition to accepting Navy people, though for different reasons. If any conclusion can be drawn about the effect of the defense tie-in, it would seem to be that it has little measurable effect in these instances.

See pp. 33-36, below.

The manufacturing category would include several of the companies approached. Eight of the major corporations and all the small companies fall in this group. Of these, five large corporations and all the small ones showed interest in at least one aspect of the program while three large corporations expressed no interest at all. On the positive side, Polaroid Corporation expressed as strong support as did the defense industries, and Ford, General Foods and Eaton, expressed some interest in both aspects of the program. The companies with no interest either way were Western Electric, Olin and Coca Cola, although the latter is currently cooperating with the naval training command in an evaluation of training devices and techniques.

Thus it appears that this group is about evenly divided in terms of expressed interest in lateral transfer. No motivational pattern appears discernible despite the relatively even distribution, since the companies reacted utterly idiosyncratically. Olin, for example, was described as being beset with internal problems and had no wish to add complications through involvement with the Navy. Western Electric cited bad experience with other exchange programs while Coca Cola felt that the board of directors would not be interested and that the president would hesitate to raise the issue. Conversely, General Foods has participated in other government exchange programs and would be willing to do so with the Navy; Ford was initially negative but reversed its position, although with reservations, and Eaton was willing to cooperate both ways but doubted that its people would be inclined to participate. The only common reaction seemed to be that the Navy, per se, did not influence their decisions--that is, there was no discernible motivation such as clearly existed with the defense contractors.

Two were tax-bank, in the group and their reactions were similar. In neither case was there any interest in participation. It was felt in both cases that further discussions on the availability of a specific program might have produced different reactions and it was not felt that the entire banking industry should be written off as participants. In this sampling, however, results were undeniably negative.

Reactions among the utilities group were mixed and almost exactly divided. Edison and Gulf were both negative while Mobil was positive. Columbia Gas was negative while ATT was positive and Con Ed was mixed. As was the case with the manufacturers there appeared to be no common pattern to the reactions in this group. Each company reacted according to its internal situation and established policies.

Almost without exception, the small companies were very well disposed toward the Navy and quite willing to do what they could to cooperate. In most cases they were too small to participate in an industry-to-Navy transfer program but in all but one case were quite willing to take part in a Navy-to-industry operation. The high degree of agreement came as a surprise since there was no obvious reason for it and very little tie-in between the companies concerned and the Navy. Several people with whom we talked spoke highly of ex-Navy people in their employ and this may have been the key factor in their reactions. For whatever the reason, the small companies contacted were much more receptive than any other group except the defense contractors.

The "other" category was comprised of an airline, an engineering firm, an insurance company and two research organizations. No motivational commonality was anticipated in this group because of its diversity, and none was detected. The group reaction was quite positive, a factor

private sector business to be largely unrecognized. The Committee commends this study to your attention for the organizational activities of black officers to good advantage. The engineering firm employed several dozens and trained Negro people with whom they were highly pleased. The service can well proceed toward the basic for increased exposure, and the research firms have close liaison with the government to several areas and assessment activity to cooperate to the degree possible. It was not felt that the individual organizations were necessarily representative of the operations of other companies. In short field with the possible exception of the research organizations.

To summarize, it would appear that defense industries offer the greatest potential for support of a national exercise program and would probably cooperate fully with the Navy in implementing one. Generally, the Navy as a group appears to be the least interested in such a program. The other areas, with the possible exception of the research community appear to reject it a much more lukewarm manner. Overall, the reactions of the companies contacted were more positive than negative but it was clear that in most cases the degree of participation would depend on the nature and characteristics of an exercise program when it was formulated.

Table Executive-Level Exchange Programs

The concept of personnel exchanges is not new. In [illegible] the Navy has had civilians performing functions aboard Navy ships while the Navy civilian counterparts proceeded to an ship and prepare to perform. Most notably, civilian engineering personnel replace the engineer ranks of Navy ships during the overhaul [illegible] yard and ships, and for a period of time thereafter.

At the present time Navy has several internal exchange programs in existence. These are consistent with interchange between the government and industry and some inverse industry and military exchanges. Type of these are briefly discussed, a government-industry executive exchange program, a program whereby the Navy exchanges with industry to provide personnel, an Air Force personnel-to-industry program, and the present Navy "Professional Development Program" for officers.

The President's Executive Interchange Program

The President's Executive Interchange Program was authorized by President Johnson in 1965 and established by President Nixon in September 1969.[1]

To quote from a government booklet on the program:[2] "The President's Executive Interchange Program provides an opportunity for the interchange of managerial skills between the National Government and private sector of

[illegible]

[1]Executive order 11451, September 1969.

[2]The President's Executive Interchange Program, U.S. Government Printing Office 1972, 0-[illegible]

TABLE II

The President's Executive Interchange Program

Some Participating Companies

Aetna	Rockwell International
American Can	T.R.W. Systems
American Standard	Bank of America
AT & T	Smith Cline & French
Arthur Andersen	Exxon
Arthur Young	United Aircraft
Burroughs	IT & T
Bendix	Mobil Oil
General Electric	Phillips Petroleum
IBM	Owens Illinois
Ford	P.P.G. Industries
Chrysler	Westinghouse
General Motors	Mitre
Litton Industries	Dow Chemical
Cummins Engine	Durard Bank
Sears Roebuck	Rohr Industries
Marathon Oil	John Hancock
Kaiser	Boeing
Mead Corporation	Caterpillar Tractor
Pfizer	Memorex
Sperry-Rand-Univac	Weyerhaeuser

Naval Aviation Engineering Service Unit (NAESU)

The Naval Aviation Engineering Service Unit was founded in 1942 to "investigate and determine the best solutions to urgent problems arising from the maintenance and operation of new airborne electronic devices."* Since its inception, its mission has been expanded "To provide field engineering assistance and instruction to Naval aviation activities in the installation, maintenance, repair and operation of all types of aviation systems and equipment."** The Naval Ships Systems Command has a unit which performs a similar mission for the surface Navy.

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*NAESU Instruction 5400.1F, December 5, 1972, ETS Administrative Management Manual.

**NAVAIRINST 5451.36B.

In performance of its mission NAESU contracts with civilian companies on an individual basis to provide personnel to the Navy for a variety of functions. Personnel so provided are paid by their parent companies and assigned to various Navy ships and stations in the continental U.S. and abroad to perform a variety of functions. The contractors who provide the personnel are reimbursed by NAESU under the terms of the applicable contract.

Personnel so provided may serve the Navy intermittently or continuously for periods up to several years. The types of service provided are classified as Contractor Engineering and Technical Services (CETS), which are defined as

> "Those services performed by commercial or industrial companies which provide advice, instruction and training to DoD personnel in the operation and maintenance of Navy and Marine Corps weapons, weapon systems and related equipment. These services include transmitting the knowledge necessary to develop among Navy and Marine Corps personnel, the technical skill capability required for maintaining and operating such equipment in a high state of military readiness. This includes but is not limited to such contract services known as "Factory Training, On-the-Job Training and On-Site Training." Contractor engineering and technical services consist of:
>
> (1) Contract Plant Services (CPS). Those engineering and technical services provided to DoD personnel by a manufacturer of military equipment or components. These are provided in the manufacturer's plant and other facilities by trained and qualified engineers and technicians employed by the manufacturer. The specialized skills, knowledge, experience and technical data of the manufacturer are contracted for by the Department of the Navy for the purpose of acquiring system and component knowledge, training and training aid programs, relating directly to Navy and Marine Corps personnel in order to develop technical skill capability for maintaining and operating military equipment. Formal factory training is within the scope of CPS.
>
> (2) Contractor Field Services (CFS). Those services that provide advice, instruction and training to DoD military and civil service personnel by contractors on site at designated military locations. CFS personnel must possess specialized knowledge, experience and [illegible] or have access to information covering

the operation and maintenance of Navy and Marine Corps weapons, weapon systems and related equipments. Contractors providing CFS personnel must have an adequate staff, finances, plus organizational and technical capability to assure the economical and competent performance of their contracts. "On-the-job" training is within the scope of CFS.

(3) Field Service Representatives (FSR). An employee of a manufacturer of military equipment of components who provides a liaison or advisory service between his company and DoD users of his company's equipment or components. This service is an important element in providing a technical communication of "feed back" channel between the producer and the Department of the Navy fleet or field using activity.*

The ground rules for employment of CETS personnel include the following restrictions:

"...contractor personnel, in performing services, are not to be

a. placed in a position where they are appointed or employed by a Federal officer or employee or are under the supervision, direction, or evaluation of a Federal officer, military or civilian;

b. placed in a policy-making or policy-stating position;

c. placed in a position of command, supervision, administration, or control over DoD military or civilian personnel, or personnel of other contractors, or become a part of the Government organization;

d. subject to review by Government personnel before being assigned by their company to work on Government contracts;

e. subject to removal by Government personnel on the basis of their performance;

f. used interchangeably with Government personnel to perform similar functions;

g. used for the purpose of avoiding manpower ceilings or other civilian personnel rules and regulations of the Civil Service Commission, DoD or the Department of the Navy;

h. furnished by the Government their principal tools and equipment; or;

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*NAVAIRINST 4350.2A, January 18, 1973.

i. physically occupying desk space in the performance of functions which would normally be accomplished by a Federal officer or employee.

At the present time, NAESU has some 200 active contracts with 145 prime Navy contractors. Contracts are individually negotiated and fees vary from company to company. About 1,200 civilians are involved in the program at present.

The CETS program represents a specialized form of lateral transfer in which civilians are used to provide carefully designated services to the Navy. It is notable that the Navy exercises no direct control over CETS personnel, although in practice those who perform unsatisfactorily are withdrawn at the request of the Navy. Of particular interest here is that the Navy enjoys the use of the civilians but does not pay them directly. Their parent companies retain administrative responsibility for them and have the right to recall them if they so desire.

The Air Force Education with Industry Program

The Air Force is currently operating a lateral transfer program wherein Air Force officers enter industry for a period of ten months for the basic purpose of acquiring training which will be beneficial to them in their Air Force careers. The program entitled "Education with Industry," was initiated in 1947 and is administered through the Air Force Institute of Technology at Wright Patterson Air Force base in Ohio. Requirements for participation in the program are generated by air staff functional managers in various parts of the Air Force. Such requirements are forwarded to the Air Force Institute of Technology which contacts appropriate areas

NAVAIRINST 4350.3A, February 20, 1973.

of industry to arrange the transfer of the Air Force officers. The program manager at the Air Force Institute of Technology maintains the industry contacts and monitors the progress of the Air Force officers who are in the program. The principal area of interest to the Air Force is procurement and industrial production, which receives the great majority of the participating officers. Other interest areas include aircraft engineering, management, research, communications, cost analysis, civil engineering, computer performance measurement, and academic administration. Currently there are 120 officers involved in the program and that is presently the annual figure for participation. Of these 75 are in the first category of production and procurement.

The Air Force pays the officers while they are in training status. Industry pays all attendant expenses other than salaries and per diem.[1] The Air force at one point investigated the feasibility of industry paying the officers in the program. It was quickly determined, however, that the legalities of such a move would make it prohibitive to attempt. In order to carry out a program which entails industry payment to military personnel, it would be necessary to release the officer from active duty. Following his release he could not receive salary or compensation of any sort for a period of six months from any company which had any sort of government contract in effect at the time. Thus it would be necessary for the Air force to release a man from active duty and have him remain in inactive status for a minimum period of six months before he could be picked up by any company which had a government contract. This would include most companies of interest to the Air Force. Following his tour

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[1] Participating companies have variously estimated their costs to be between $25,000 and $50,000 per year per officer depending on the company concerned and the nature of the operation.

of duty with the company, he would have to be returned to active duty by the Air Force. Since he would be under no legal obligation to rejoin the Air Force, it seems reasonable to assume that a number of participants would elect to remain in industry.

The officers in the program generally receive V.I.P. treatment from the companies. They usually attend a series of meetings with senior company officers who explain the functions of their departments. Brief indoctrination periods are often spent in several areas before the officers settle into the department which is of particular interest to them. Efforts are made to familiarize the participants with general company functions, operating techniques and problem areas as well as to give them experience in their specialty areas.

Results of the program have been generally excellent, according to the Air Force. Originally oriented toward defense contractors, it has expanded in recent years to include a broad spectrum of industry. The program is very popular within the Air Force and there are generally many more volunteers than there are openings. Participants are said to thoroughly enjoy the experience but to return to the Air Force satisfied that their military careers are preferable to civilian ones. The individuals selected are regular career officers with 8 to 10 years of service. They are generally senior captains or junior majors. Participation in the program carries with it a three to one obligation, i.e., thirty months active service following completion of the ten month industry tour. Then participants would have 12 to 14 years of service by the time their obligation was completed making it unlikely that they would opt to do

other than to complete their service careers. Some of the companies currently participating in the Air Force program are listed below.

American General	Hughes Aircraft
Avco	Lockheed
Lycoming	Martin Marietta
Boeing	Mercantile Corporation
Beech-Aircraft	McDonnell-Douglas
Convair	North American Rockwell
Detroit Diesel	Northrop
Eaton-Kahn	Philco Ford
General Dynamics	RCA
General Electric	Stanley Corporation
Grumman Aerospace	United Airlines
Harbell and Sally	Westinghouse Corporation
Johnson and Mendenhall	WSM Broadcasting Company
Kitt and Knowlton	
Kleinman Corporation	
Honeywell	

The Navy Professional Development Program

In comparison with its Air Force counterpart, the Navy Professional Development Program is quite small. The program has received little publicity within the Navy and its existence does not appear to be generally known. Authorized by Z-Grams #59 in 1971, it was formalized by OPNAVINST 1520.19.

The program authorizes tours of duty for Naval Officers with either government agencies or with industry for periods of up to one year. Arrangements for such tours must be made by the applicants, who then submit requests to BuPers. A BuPers selection board meets once a year to consider the applications and those with the best records are selected.

The program is administered through the Training Command in Pensacola and is open to the ranks of LT through Captain. Applicants must have a minimum of three years active duty and at least five years of service remaining before retirement. The number of participants authorized is

In any case, the problems that can appear to be solved with some Naval personnel will also be seen and tried users to have been done by civilian process in an unemployment and support to.

B. Some Basic Looking Principles of Compensation.

In discussing alternatives open to the Navy it is useful to consider the reasons for considering a bonus/ incentive program. If the principal reason is to provide an emergency source of qualified personnel, all manner for such personnel can be considered. If the principal purpose is to promote greater retention, understanding of such people's behaviors, problems and objectives, the focus shifts to methods for promoting personnel interchange to achieve these ends. If the purpose is to achieve both these basic objectives, a pedagogical program or mix of programs may be more appropriate.

In considering programs designed for the above purposes the factors of cost must be considered. Obviously, any program which results in bringing people into the Navy will cost money. The cost will vary with the method selected and the basic experience content which projects the desired objectives will normally be shown. Other factors to be considered will be the effect of such a program on the normal operations of the Navy, e.g., will a program under consideration require diversion of regular Navy personnel from their normal tasks, thus bringing about some degree of ineffectiveness in service areas? Is it clear that establishment of some form of bonus/ incentive program is likely to prove costly and ineffective to some degree. The degree will, of course, depend on the

[illegible] [illegible] [illegible] [

some 120,000 private employers representing 35.2 million employees (43% of the total U.S. work force) signed a pledge in support of the Guard and Reserves which promised that participation in reserve activities by employees will in no way jeopardize their status and that military leaves of absence will be granted without sacrifice of vacation time. Although the pledges are not legally enforceable and although they basically refer to annual training and weekend drills, they nevertheless indicate that wide segments of industry may be willing to support the armed forces in reserve matters.

The ability of the Navy to promote people as desired has been alluded to. This is clearly an advantage in situations where pay inequities would result if individuals were placed on active duty at their existing ranks or rates. Although not presently considered to be an issue because of the depth of reserves in most specialty areas, it could become so in the future, especially in connection with a formal lateral exchange program.

One of the principal objections to a lateral exchange program cited by Navy contacts during the study was the problem of training civilians with no prior military experience if they are to be used to fill existing Navy billets. Under the DPPO program six to twelve months are required to build up sufficient familiarity with Navy methodology and regulations to be able to function even minimally as a petty officer for persons enlisted into the Navy at pay grades E-5 or E-6. The same observations would doubtless apply to officers receiving direct commissions with no prior military experience. Thus such individuals would require extensive indoctrination and orientation training to function effectively as naval officers and petty officers, which could significantly dilute their usefulness in their assigned billets. The use of reserves, however, should largely alleviate the problem.

Most reserves have had tours of active duty during which they received the types of training required to function adequately in their ranks or ratings. Those few who haven't have attended drills and taken correspondence courses during which such training was provided. Moreover, tests have been administered to establish qualifications for promotion. The cumulative effect of this has been to qualify reserves at least to the point where minimal orientation training should enable them to assume active duty billets calling for the rates and ranks they currently hold.

If the Navy were to establish a lateral transfer program a mechanism would be required to carry it out. In the case of utilization of reserves, such a mechanism already exists. Certain alterations would be indicated to fit it for the role, but these should be relatively minor. The reserve section of BuPers under the direction of the Assistant Chief for Naval Reserve maintains up-to-date records of all reserve personnel. When requirements are laid on it, its files provide a breakdown of qualified personnel by military experience and in the case of officers, civilian experience, employer, family status, etc. Thus it is relatively simple to provide a list of qualified candidates for just about any requirements which might arise.

In any situation where people are removed from their jobs and later returned to them there arises the possibility of conflict with cognizant labor unions. Although perhaps less of a problem with officers, it would probably be a significant factor with petty officer candidates. Discussions with labor officials indicate that such problems might be resolvable (see the final section of this report), but use of reserves would go far toward eliminating them entirely. Nearly all unions have military leave

policies which protect the status of members while on active military duty. Thus reserves entering the Navy under a lateral transfer program would be protected during their period of active duty and would suffer no loss of status, seniority or benefits as a result of participation. Civilians entering active duty with no prior reserve status might have greater problems, since they would have to establish their military status with their union locals, which might prove difficult in periods when the unemployment rate is high and union members are out of jobs. In such a situation, locals might be reluctant to permit non-veteran members to obtain veteran status and seniority rights. Thus non-veteran union members might shy away from a program which could damage their standing and seniority whereas reserves would be protected and thus more apt to respond favorably.

Negative Aspects of Utilization of Reserves

There are several considerations which might limit use of reserves under a lateral transfer program, some of which are unique to reserves and some of which would apply in any case. Among these are:

- Statutory limitations on numbers of active duty personnel
- Possible morale problems among regular personnel
- Conflict of interest considerations
- Critical civilian occupations

The matter of statutory limitations on numbers of active duty personnel is, of course, applicable in any situation where people are placed on active duty. As of June, 1973, the Navy was reported to be at 99% of authorized strength*, thus leaving little room for expansion. In a lateral

*U.S. News and World Report, August 6, 1973, p. 41.

exchange program consideration would have to be given to the existing strength levels in determining how many reserve personnel could be activated or non-reserves brought aboard in military billets. Under some conditions it might prove impossible to implement such a program without upward revision of existing limitations, a task which might prove extremely difficult in the present Congressional climate. In situations where strength levels are declining and enlistment and officer procurement rates are unable to fill the gap, this would be much less of a consideration. If the Navy were to embark on a planned program of lateral exchange with industry, a percentage of allowable strength might be set aside for such a program, thus reducing the problem. It should be noted that transfer of Navy people to industry under an exchange program would not ease the problem since such people would still be on active duty, albeit not working for the Navy.

Morale was mentioned frequently in discussions with a number of naval officers in connection with lateral transfer. They pointed out that increasing the number of people on active duty dilutes the promotion prospects for regular Navy personnel, a factor which they felt to be particularly troublesome. The degree to which morale would in fact be affected would be largely governed by the scope of the program. Another aspect mentioned was possible jealousy on the part of regular personnel engendered by the fact that reserves with relatively little comparable Navy experience would be serving at the same rank or rating and receive comparable pay. That this may be a valid position is evident in reviewing the reactions of regular military personnel during the Korean War when large numbers of reserves were ordered to active duty. There was

considerable friction between regulars and reserves in many instances, and considerable attention was paid to the problem at higher command levels. Although the scope of reserve activation would be considerably less under a lateral transfer program than was the case with Korea, the possibility of internal friction exists and should not be dismissed.

The question of conflict of interest arises in connection with any transfer of persons from industry to the Navy or other military or government agency. In this regard care would have to be taken that the statutes governing conflict of interest are not violated.[1] This can, in fact be a multi-edged sword in that it could affect assignment of civilians or reserves to Navy billets, naval personnel to industry, and utilization of civilians by their parent companies on their return to civil life. It is not probable that conflict of interest situations will prove to be a major obstacle to lateral transfer but they will arise on occasion and should be considered.

The question of "critical civilian occupations" poses a complex problem. NAVPERS 18529F, dated February 22, 1972, lists critical military specialties and civilian occupations which were once considered to be critical in the event of national emergency or war, and members of the Naval Reserve who work in these fields are generally exempt from call-up. In normal times it is the stated policy not to activate such individuals. The list of critical civilian occupations was compiled by the U.S. Department of Labor in 1961 and amended in 1965. Since that time, no review has taken place. In view of the rapid growth in technology and its accompanying modifications of many jobs, some Bupers desks consider

[1] SECNAVINST 5370.2E provides conflict of interest guidelines.

the list to be relatively meaningless. It appears possible that the list may be dropped altogether, eliminating this particular obstacle to activation of certain reserves, but until it is, the list remains in effect and could preclude activation of people engaged in the occupations it lists. (The list is appended as Appendix B.)

Use of Civilians in Navy Billets ("Lateral Entry")

This was the subject of discussions with industry officials outlined earlier in the report. Briefly, it envisions use of civilians in Navy billets, with the rank associated with the billet being assumed for the tour of active duty. Under this program, industry would be approached with a list of requirements and individuals solicited to fill the requisite billets. Selection of individuals would take place within the participating companies and the candidacies would be made available to the Navy. Those selected would be placed on active duty and would assume the ranks associated with the billets they would occupy. On completion of their duty tours they would return to their parent companies. Relocation costs would be handled by the Navy, which would also pay them in accordance with established pay rates for the ranks assumed. Pay differentials, where they existed, would be made up in some manner, possibly by supplemental payments from the parent companies which would in turn be reimbursed by the Navy.

Under this program the individuals would revert to civilian status on completion of their tours in the Navy and would not acquire any

military obligation in connection therewith, although reserve commission might be offered in some cases.[1]

If this approach were to be adopted, a mechanism would be required for contacting industry, selecting candidates, arranging for relocation where necessary, and carrying out the numerous other functions associated with the program. Such a mechanism exists in the Navy Recruiting Command, which operates throughout the country. When Navy requirements become known, the recruiting districts could be notified and quotas assigned to particular districts much as is done with recruiting today. If it is decided to minimize relocation of industrial candidates, billets in given recruiting districts could be assigned those districts to be filled locally if at all possible. The district recruiting staff would then contact industries in the district and endeavor to obtain the requisite personnel locally. Where this could not be done, headquarters would be notified and the billets farmed out to other districts for placement. This would require that the local recruiting staffs have the additional duty of contacting industry in their areas, soliciting industrial support for the transfer program and maintaining liaison with local industry, a task which would be burdensome in the beginning but less so as the program

[1] The Selective Service Commission was contacted to determine what effect, if any, participation would have on participants' draft status. It was learned that after serving six months, an individual released at government option would have fulfilled his active duty obligations under existing legislation, although he would remain in a reserve status for a further five and a half years. Thus program participants would satisfy any active duty requirements under current selective service regulations which might prove appealing in situations such as existed during the U.S. involvement in Vietnam. On a practical basis, however, this would have little meaning, not only because the draft is currently dead but also because most of the participants would be above the age (26) at which they would normally be draftable.

Brothers. The term could perhaps be coined if a special task force were established by Defense to take initial industrial contacts throughout the country and establish a reasonable degree of rapport before the program was initiated. In this manner, local mobilizing efforts could be preceded with visits of cooperating companies in which areas, making their jobs considerably easier. It is probable that companies would respond more readily to such a bottoms operating from Washington than they would to local Navy interviews.

Tactical Aspects of Use of Civilians in Navy Billets

There are several potential advantages to employing this approach to natural expansion. Among these are:

- Availability of a large manpower pool
- Selection of specialties to complement
- No Navy organizational changes
- Pay rates flexible to negotiation necessary
- Broaden industrial exposure to Navy

With over 90 million people employed by U.S. industry, there is clearly a large manpower pool available for a program of this nature. If cooperation could be obtained from only a minority (say 5 percent) of industry, say 10 percent, a pool numbering several millions would still be available. In the industrial capacity section are listing the county, 25 of 30 accounting companies, or about 25 percent, indicated a willingness to cooperate in some aspect of natural expansion. Of these, 15, or 20 percent of the total were willing to consider employing people in the Navy, and two-thirds-completion of computer at Long Term Triggers might be

it possible to fill almost any billet in the Navy without being limited to a particular industrial age and experience group. The avoidance of statutory limitations on active duty personnel permits billets to be filled in instances where the Navy might be at 100 percent authorized strength but still have vacant billets. Some degree of alienation based on dislike of all aspects of the military may be present in industry, and where it exists, the affected personnel presumably would refuse to participate in an exchange program of any nature, but in situations where the objection centers on assumption of military rank, this approach would eliminate that problem. Thus, in general, there appears to be many benefits accruing from this approach to lateral transfer.

There are, however, negative aspects to this approach which must be considered. Those associated with use of reserves also apply here with the exception of the statutory limitation on active duty personnel. Of much greater significance, however, is the possibility (certainty, in the view of several BuPers contacts) that billets thus converted to civilian status could not be reconverted to military ones. This is based on past experience in converting billets under the CIV-SUB Program whereby Navy billets are converted to civilian on a permanent basis. In the past few years several thousand military billets have been converted to civilian, largely on the support side. This year the process is continuing. In view of this trend, it was held unlikely that billets would be returned to military status once made civilian.*

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* There is a counterpart program to CIV-SUB whereby a limited number of civilian billets are converted to military. Known as Mil-SUB, this program is designed to provide shore billets for so-called "deprived" ratings who have sea billets but for whom no shore billets exist. The program, which is very small, has met heavy resistance from unions.

If this were to be the case, the Navy would be highly unlikely to adopt such a cause, thus ruling out this approach to lateral transfer.

Permanent Civilianizing of Navy Billets for Lateral Transfer Purposes

This alternative might be considered as a means of providing permanent billets which the Navy would use on a rotating basis for a transfer program. In this approach, the principal thrust would be to promote interchange of experience with industry, rather than to alleviate Navy personnel shortages, except in so far as civilianization of these particular billets reduced Navy personnel requirements on a permanent basis as is the case with the CIV-SUB program. This would differ from the CIV-SUB program in purpose, however, since the objective here would be to create billets to be manned by industrial personnel on a rotating basis. The billets selected would presumably be ones which would be of interest to industry for training purposes.

A Navy Version of the President's Executive Interchange Program

The President's Executive Interchange program has been operating for several years and its mechanics are established and well understood. If the Navy were to follow this approach, a working example is available. Under such a program, the industrial target group would be much broader than would be the case with some of the other concepts discussed, since there would be considerable flexibility in choosing candidates and selecting jobs for them. If the President's program were followed closely, fairly senior people would be recruited to work in various areas of the Navy as civilians. The areas would be basically chosen by the participating companies, subject to conflict of interest considerations, and the Navy

would endeavor to find places for the candidates which would satisfy the individuals and their companies. Salaries could be negotiated individually as is done under the President's Interchange program. If a two-way exchange were contemplated, the present Navy Professional Development program could be modified and expanded as necessary.

The reasons for following such a course would presumably be basically similar to those of the President's Interchange program, i.e., promotion of closer ties with the private sector and mutual transfer of skills. The Navy would gain the services of civilian transferees but would not be able to use them where they really might want them in many cases, thus diluting their contributions to some degree. Naval officers transferring to industry would presumably have a similar choice in where they went and what they did, which should prove beneficial. The program would not serve to provide emergency manpower to the uniformed Navy, however, and would probably do so on the civilian side only in a limited way, since a continuous match-up between Navy needs and civilian desires is not highly probable.

One potential problem with this approach is the competition offered by the President's Interchange program. The Navy would have a much more narrow field of choice than does the President's program, which offers an across-the-board choice of all government agencies. In the matter of prestige the Navy might not prove competitive in those areas of industry in which the President's program was operating. Thus, rather than launching such a program on its own, the Navy might wish to join forces with the President's program in the sense that the Congress might be asked to permit the Navy Department to offer assignments of certain types of interest to the Navy to appropriate areas in industry through

the President's Commission. Naval officers wishing industrial assignments might also employ the mechanism of the President's Commission in locating suitable openings, assuming that the Commission would be willing to offer the requisite degree of support to the Navy.

A Navy "Fellowship" Program

The basic purpose of a "fellowship" program would be to promote greater understanding between the Navy and industry by providing industrial personnel with an education in Navy operations. Assuming its legality, the program might have the following characteristics:

- Tours ten months to a year in duration
- Centered in and around Washington, D.C.
- Orientation which covers many aspects of Naval operations
- Participants selected by companies; salaries and expenses paid by them

The length of tour would be determined by the amount of education the Navy wished to impart coupled with the length of time industry was willing to have its people invest in such a program. If a real indoctrination program is the objective, tours of the indicated length would seem appropriate. They should permit the participants to spend sufficient time in the Navy environment to acquire a feel for Navy operations and the problems connected therewith. Participants should also have enough time to do meaningful work in areas of particular interest to them and to their companies.

The program would probably be centered in the Washington area because Navy headquarters is there. The intent of the program would probably be to impart knowledge of overall Navy operations and this is the only location where this can be reasonably done. Some participants might spend part of

their tours outside the area pursuing fields of special interest but they would presumably spend the initial part of their tours in Washington.

The program syllabus would be designed to provide as broad an education as would be practical in the available time. It would probably consist of two basic parts, a general period designed to impart overall knowledge of Navy functions and operations, and a period during which participants would work in areas of particular interest to them. The general period might consist of an initial indoctrination for perhaps a week during which an overview of the Navy would be presented, followed by short tours in several Navy bureaus and departments. Depending on the numbers of such tours and the time periods deemed necessary to produce the desired education, this phase might last two to four months.

The second phase would presumably consist of assignment to that area of the Navy of particular interest to the individual participant, thus some people might work in areas of NAVSHIPS, others in OPNAV, some in NAVSUP, etc. The intent during this phase would be to provide on-the-job training which would be of use to the participants in their civilian careers and which would also benefit the Navy.

Under such a program, the participants could remain on their company payrolls, since they would be undergoing training and not working for the Navy. Thus the Navy would be spared the expense of salaries, although other expenses associated with the program could be quite high. From the company point of view, the participants would be in the same status as would be the case if they were attending a university academic program under company sponsorship.

The program would be in many respects a counterpart of the Air Force Education with Industry program. Here industrial participants would be

spending a year or so acquiring military experience instead of the reserve, with the difference that they would not wear uniforms or perform military duties. The costs associated with such a program would be a function of several factors such as requirements for full time staff members to operate the program, part-time participation by Navy personnel, the degree of disruption of normal activities the program would engender. If costs cited by industrial participants in the Air Force Education with Industry program can be transposed, it might cost the Navy between $25,000 and $50,000 per participant, although per capita costs might be much lower with a fairly large program.

An Expanded Navy Professional Development Program

Several alternatives are available to the Navy in considering methods for bringing industrial personnel into the Navy environment for short tours. The reverse situation, transfer of Navy personnel to industry, is much more limited. Although the activities of participants may vary widely from company to company, a single Navy policy would be in effect which would establish the ground rules for participation. Thus, if the decision is made that larger scale industrial transfer is desirable, the existing program would logically be modified to produce the desired effect.

The form such a program would take would depend on such factors as program objectives, desired number of participants, industrial areas of interest, and qualifications for participation. If the decision is made that such a program is desirable, and if the basic objective is to provide training which will be beneficial to career development, the Air Force Education with Industry program offers an interesting precedent for study. With 25 years operational experience, the Air Force could provide

extremely valuable inputs to the Navy in planning a transition program. Examination of results obtained from the Air Force operation could assist the Navy in reaching a decision as to its desirability and practicability to the Navy. The beneficiaries of the situation have been extensively explored by the Air Force over the years and an acceptable modus operandi developed which could serve as a model for a similar Navy program. There would doubtless be many differences in detail between the two versions, since the services differ in many ways, but it seems clear that the Navy could readily establish an industrial transfer program on a much larger scale than the existing one if it chooses to do so.

[illegible]

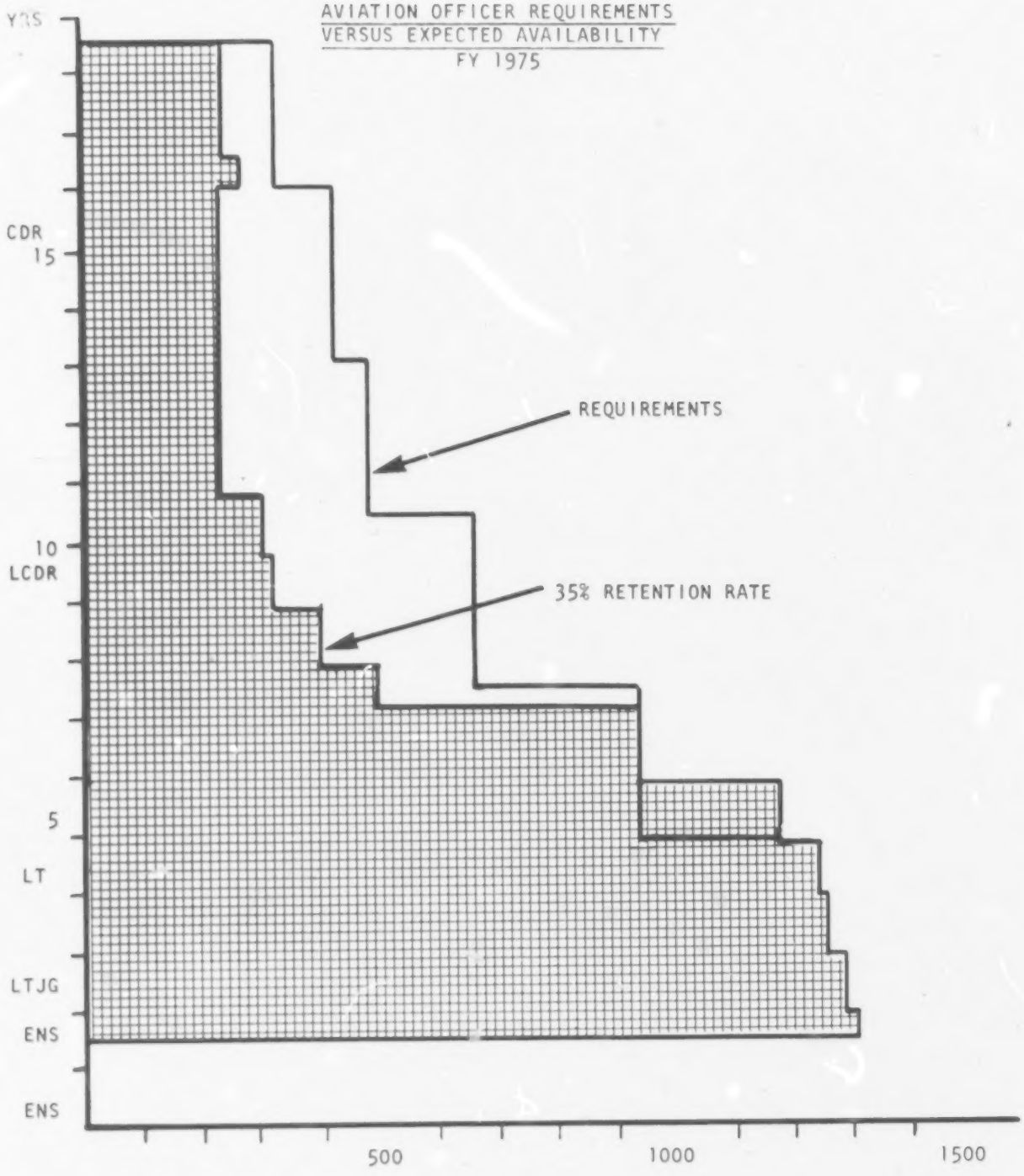
[illegible]

[illegible]

[illegible]

TABLE 5

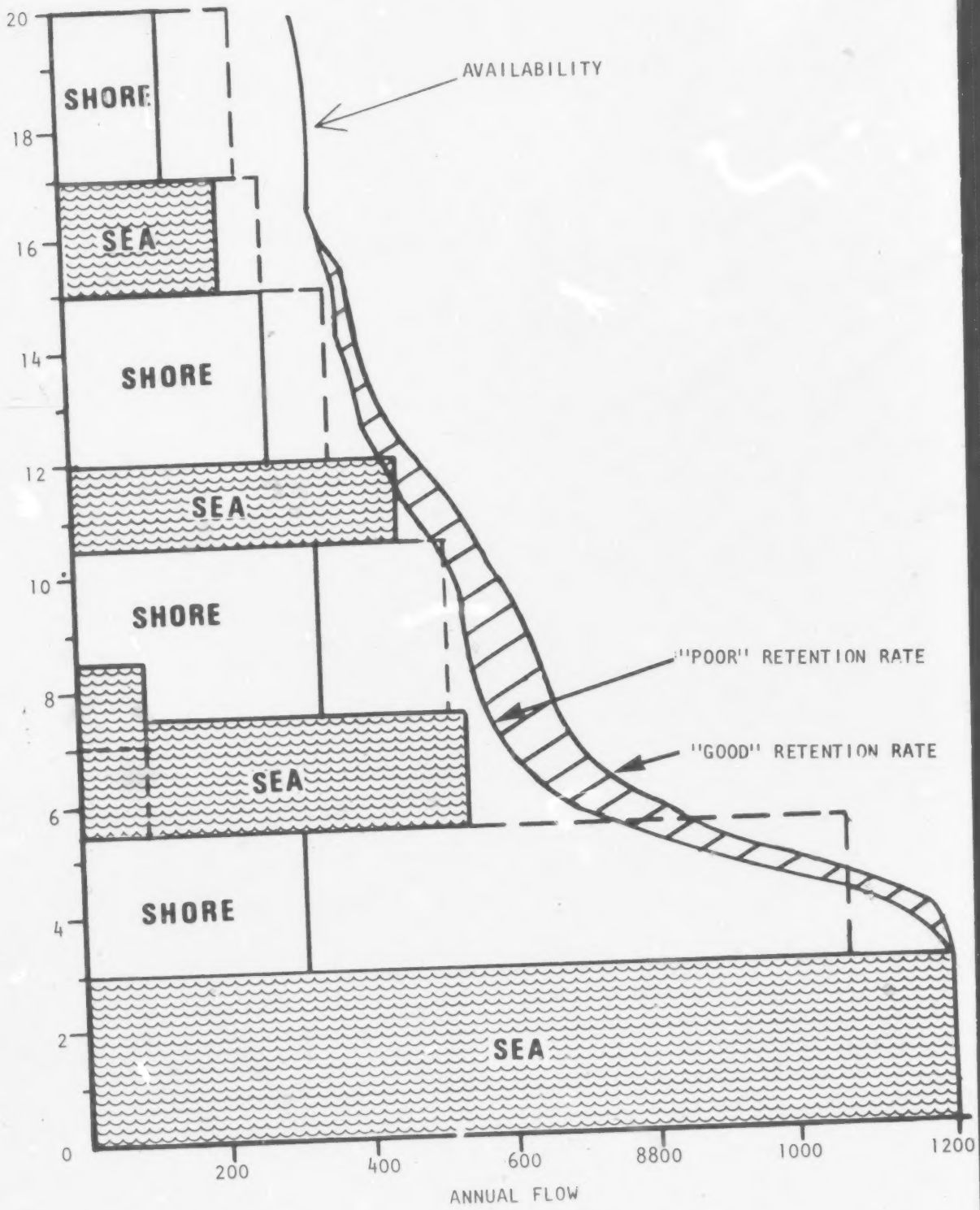
AVIATION OFFICER REQUIREMENTS
VERSUS EXPECTED AVAILABILITY
FY 1975



SOURCE: CAREER PLANNING BOARD, PuPers, AUGUST 1973.

TABLE 6

SURFACE WARFARE OFFICER REQUIREMENTS VERSUS EXPECTED AVAILABILITY
FY 1975



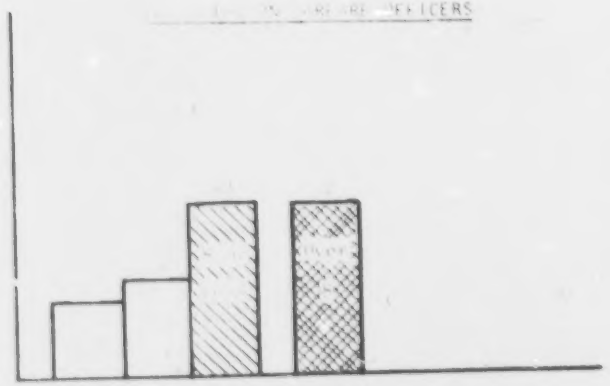
Source: Career Planning Board BuPers, August 1973

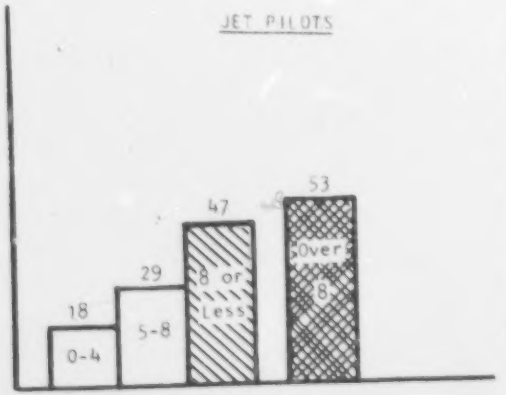
TABLE 7

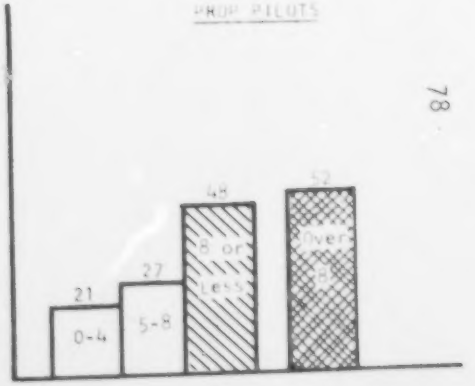
PERCENTAGE OF TOTAL UNRESTRICTED LINE OFFICERS
BY YEAR GROUP, 30 JUNE 1973
(NUMBERS ROUNDED)

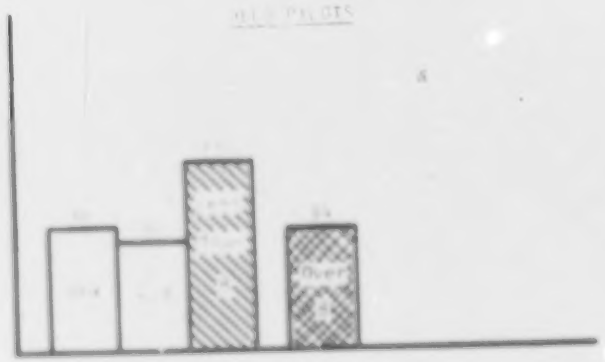
Source: Officer Management Simulation Model, Current Inventory, 30 June 1973, Computer Printout BuPers.

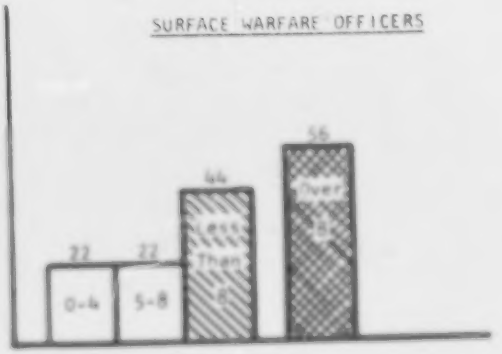
PERCENTAGE OF SELECTED OFFICER GROUPS BY LENGTH OF SERVICE, 30 JUNE 1973

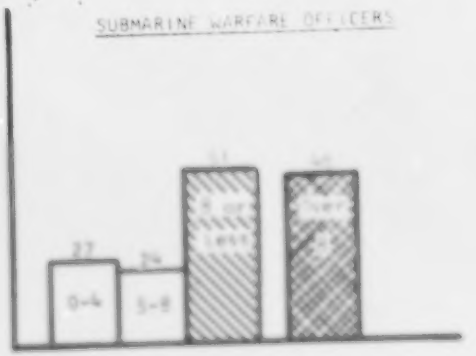


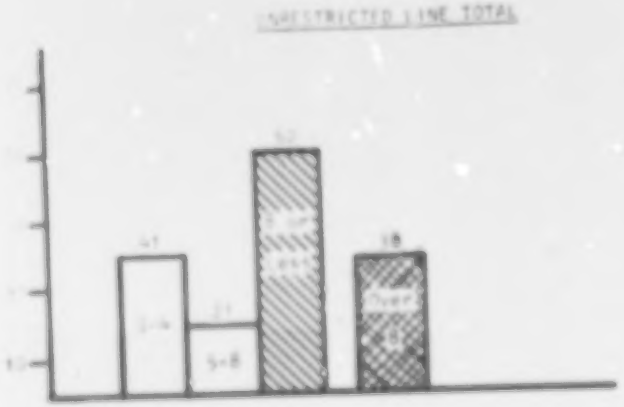


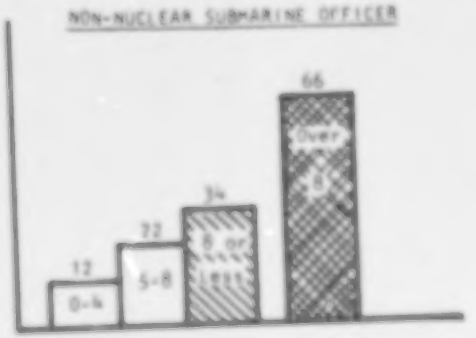


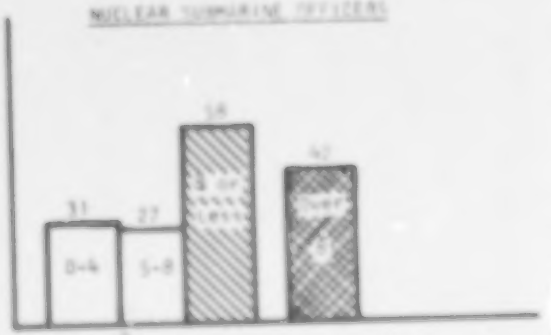












SOURCE: OFFICER MANAGEMENT SIMULATION MODEL, CURRENT INVENTORY

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M1-1912-DR

Table 8 shows the same type of data for various categories of officers specialties. In general, but with the notable exception of that of the non-nuclear sub officer, these histograms show a length of service pattern compatible with Tables 5 and 6, indicating availability against requirements even in the current time frame. On balance it appears from the data that the officer community does not require an eight year program to match availability against requirements. The minor imbalances are believed to be of short term nature and are the results either of the prolonged conflict in Southeast Asia with its attendant lengthy deployments and family separations, of war-engendered antipathy (or indifference) to the military among the younger elements of society,* or of domestic economic activity (and in the case of pilots increased airline recruiting). Also contributing is the short-term corrective action taken to fill shortages during the period of the Southeast Asian conflict. The draft, with its stimulation to Navy officer recruiting, undoubtedly accounts for a large part of the resignation rate and the low requirements.

An eight year career would enable the Navy to reduce its APPR for naval aviators. This would undoubtedly be desirable since the pilot training represents a tremendous investment; however, it is believed that current planning in BuPers with a view to reassigning and reevaluating certain aviation billets would reduce the requirement, and that even with lower retention rates than presently desired would satisfy the needs of the Navy in the fiscal year 75 and beyond.

On balance, it seems that an eight-year career for the officer community, while desirable from some points of view, would be of only marginal value in meeting the Navy's needs. According to BuPers officials themselves, the

*See Karsten, loc. cit., and Bachman, loc. cit., (cited on p. 59).

much-feared "shortages" will not exist. Examination of the latest available data tends to support this view.

B. Enlisted Personnel

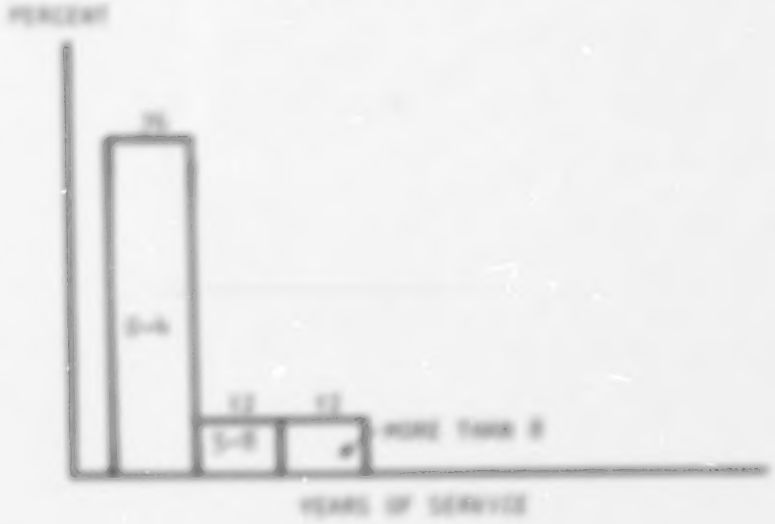
The situation for enlisted personnel is somewhat different. Table 9, showing the length of service at separation in FY 71 of all the voluntarily separated enlisted men of the Navy, demonstrates that 76 percent were separated with 0-4 years service. An eight year program might enable the Navy to make better use of the training provided by its enlistees. (The enormous imbalance between those with four or less years service and those with service between five and eight years, as shown on Table 9, is largely the result of the short retention of Navy enlisted personnel in the basic ratings such as seamen and firemen. The picture for those ratings is shown in Table 10.)

Table 11 shows similar data for personnel in the categories considered for possible application of the short career. The data here were from a later year (FY 1972) when the all-Navy picture looked better. However, in nearly every one of the selected ratings there was a large imbalance between the 0-4 year group and the 5-8 year group. An 8-year enlistment program for highly skilled technicians, in whom a considerable training investment is to be made, would appear to be worth considering.

Another good indicator of the value of an 8-year career is the data shown on Table 12, which shows first-term enlistment rates for the ratings under examination. This indicates that in three-fourths of these cases the reenlistment rate is less than the all-Navy rate, and that in two-thirds of these specialties the overall reenlistment rate is less than the overall Navy reenlistment rate. Table 13 shows the average and median length of service of the selected ratings as compared to the all-Navy

TABLE 9

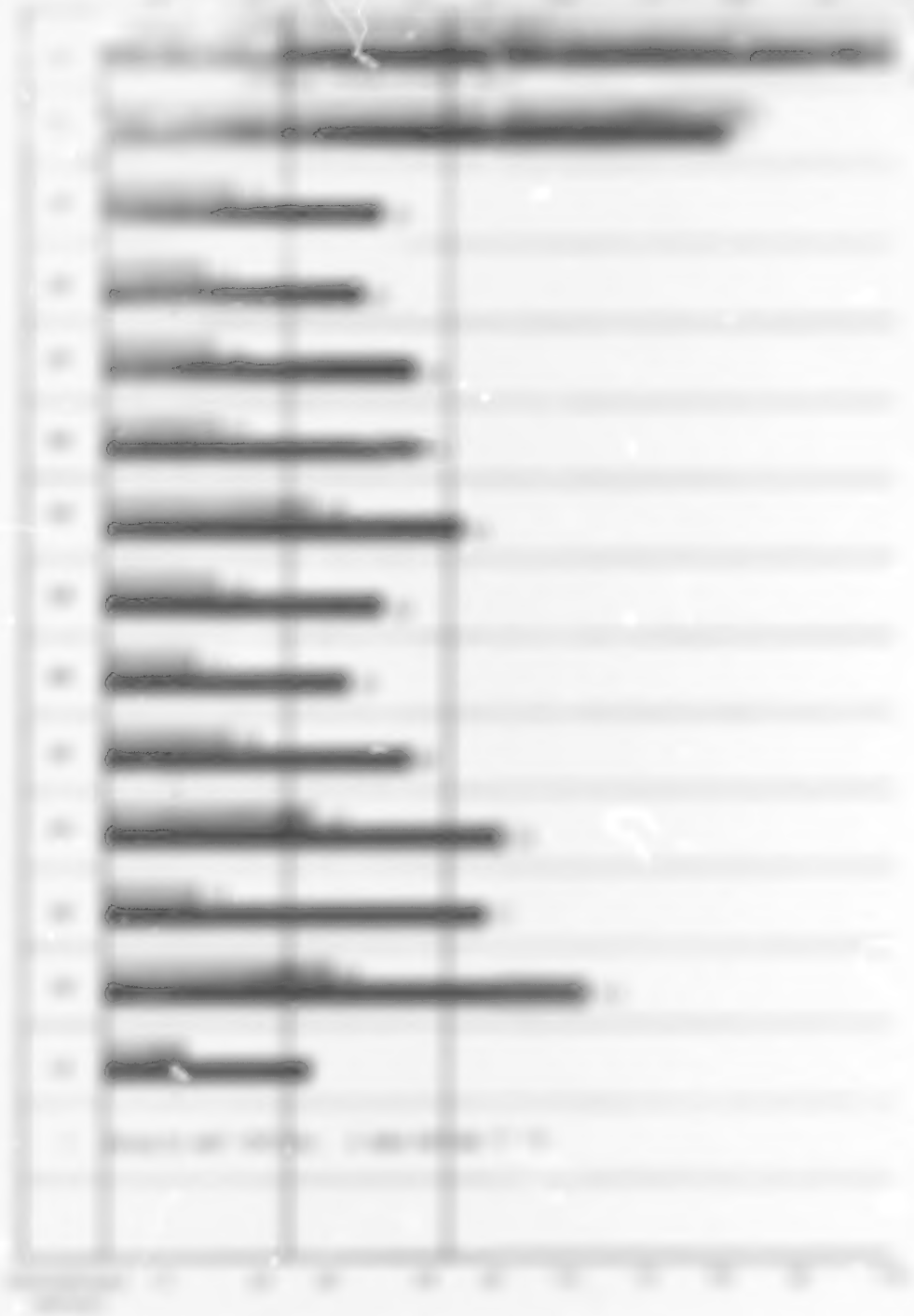
LENGTH OF SERVICE (YEARS) AT SEPARATION
ALL VOLUNTARY ENLISTED SEPARATEES USN FY 1971
(PERCENTAGE)



Source: Data furnished by BuPers.
Derived from worksheet B (Furnished by BuPers)
(20 Aug., 1972).

TABLE 10

Source: "Estimated Personnel on Active Duty [MONTH]" DD Form 1625, Computer Printouts Buffalo Chapt. 8, 1973.



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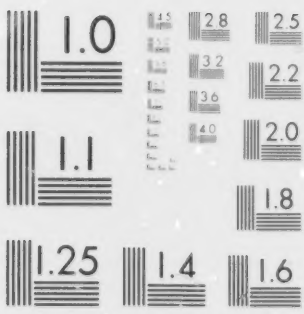
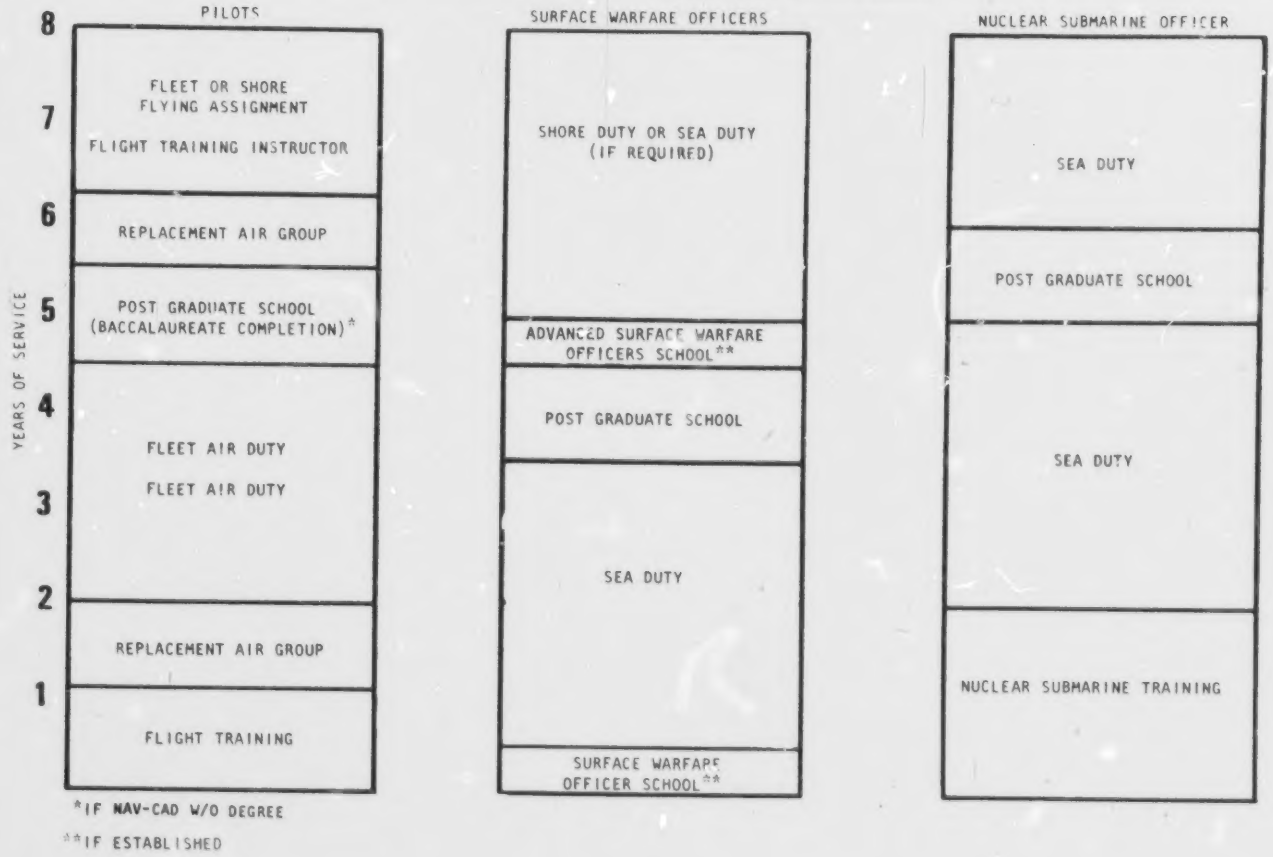


MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS 1963-A

TABLE 14

PROPOSED EIGHT-YEAR CAREERS FOR SELECTED OFFICER GROUPS



*IF NAV-CAD W/O DEGREE

**IF ESTABLISHED

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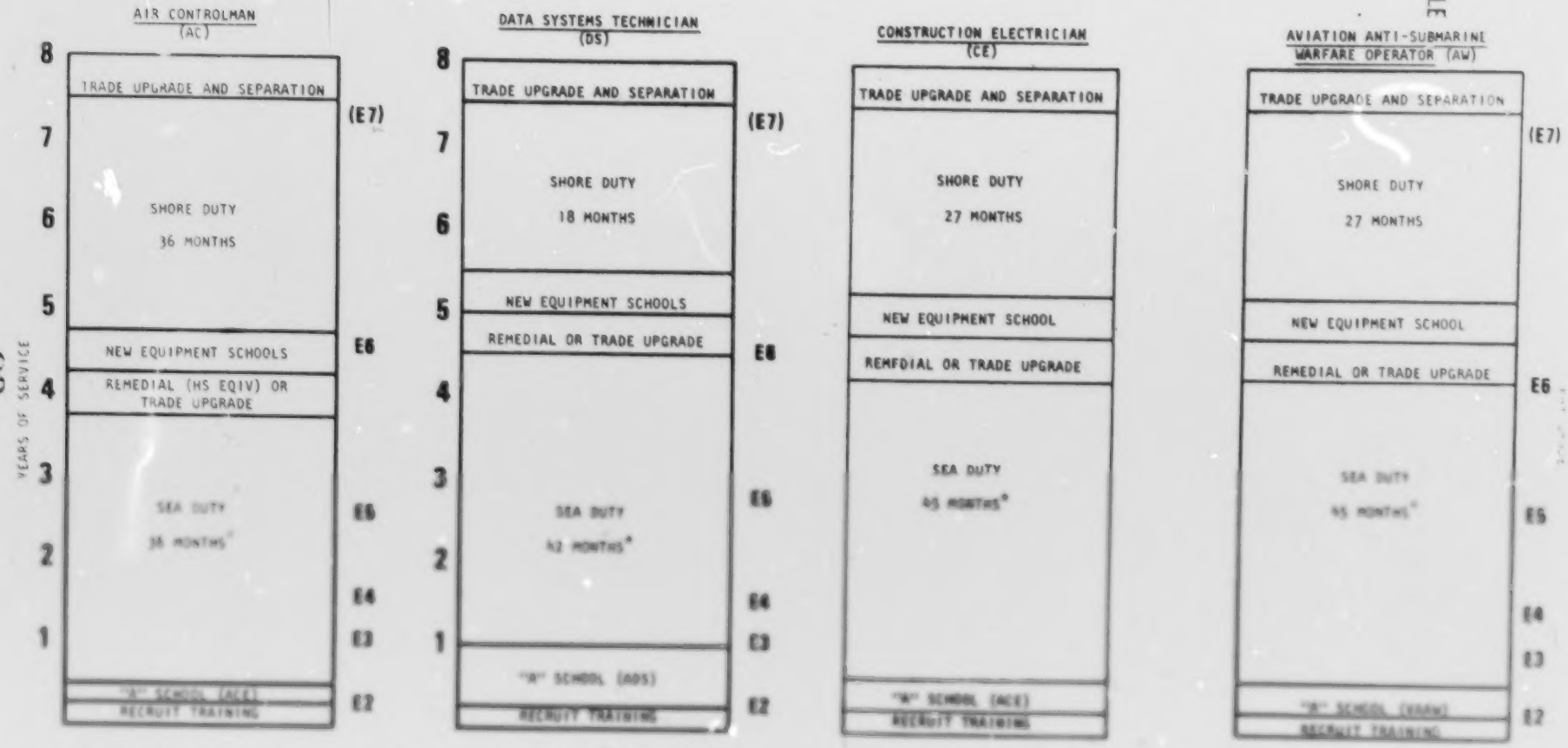
TABLE 15

PROPOSED EIGHT-YEAR CAREER, SELECTED RATINGS
(LENGTH OF "A" SCHOOLS AND TOURS PROVIDED BY BUPERS)



*INDICATES LENGTH OF SEA TOUR OR SHORE TOUR IS LESS THAN CURRENT POLICY

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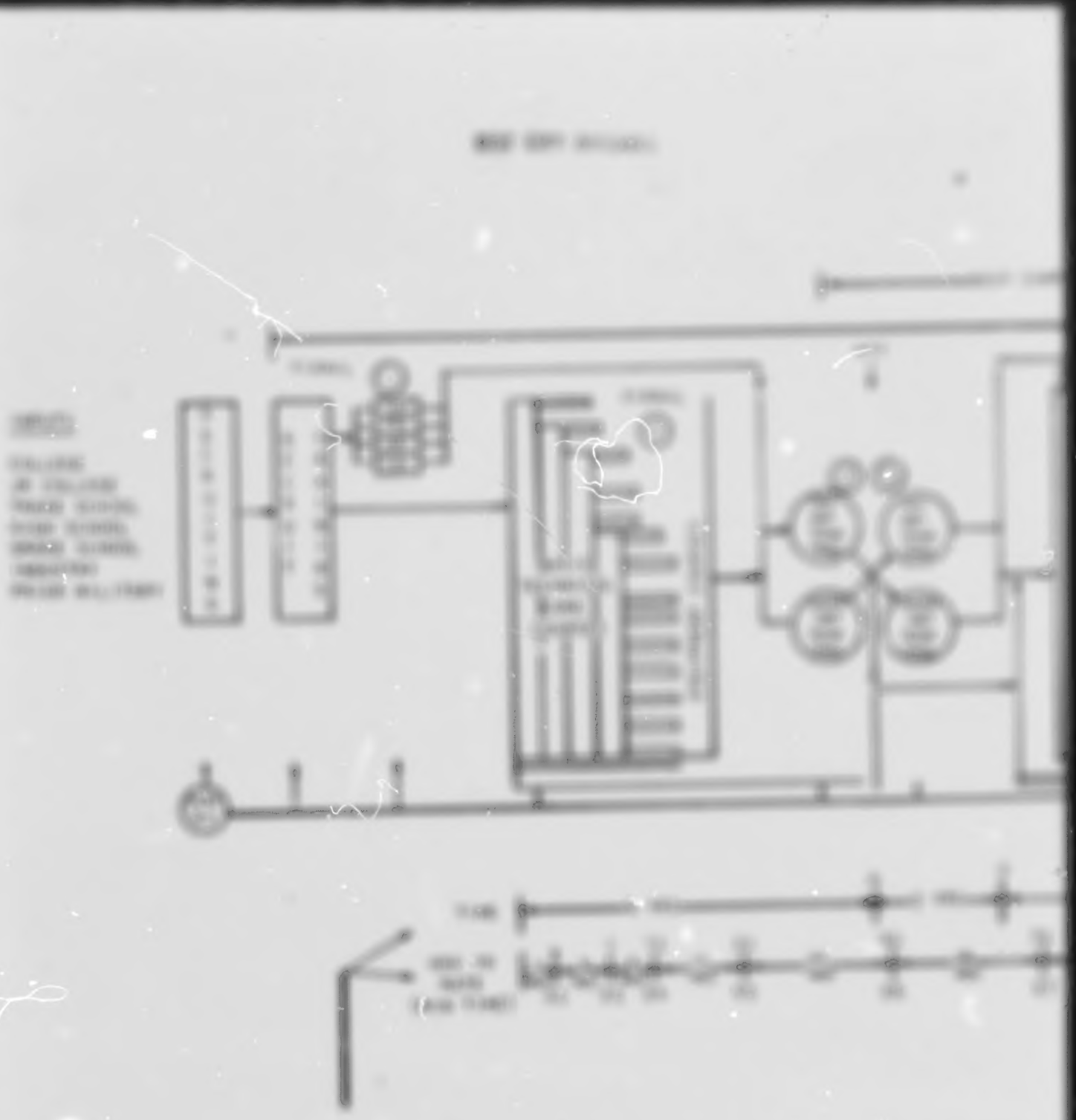

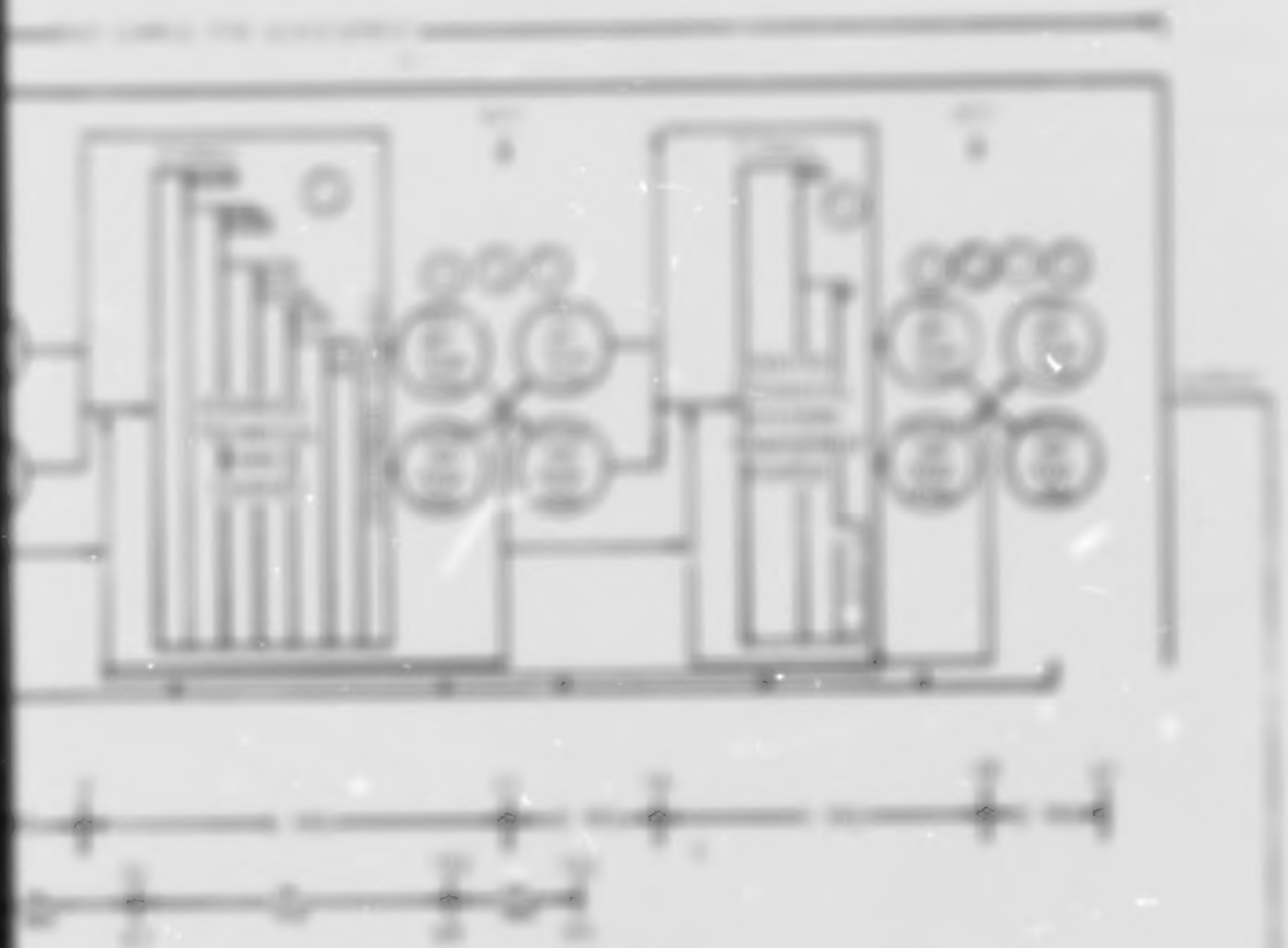

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It is also important, as these tables suggest, to maximize the degree to which one can guarantee location and unit, and this is deemed a central feature of our 8-year career designs. Location should be guaranteed the 8-year career candidate as a recruiting incentive.

The hope of advancing to high petty officer rate should be continuously available to the recruit, and the normal progression, as shown on the career layout, should be pointed out to him during the recruiting process.

Further study might indicate other naval fields in which the 8-year career would be applicable, both from the standpoint of its desirability for the Navy and for its applicability to later transfer to the individual's civilian career. Examining these candidate careers has indicated the feasibility for the Navy of profitably utilizing such a program.

D. Costs of the 8-year Career

Table 20 displays the average per capita training costs of A and C school training programs for the ratings under analysis, and indicates the obvious--that amortization of these training costs for 8 rather than 4 year career patterns appears to save money. What must be added to the picture, however, is the differential in salaries paid to those serving 8, and those serving for only 4 years. Assuming that the enlistee spends 6 months in pay grades E-1 and E-2, 6 to 12 months in grade E-3, 12 to 24 months in grade E-4, and 24-36 months in pay grade E-5, the average annual salary of a 4-year-only enlistee would be about $6,825.00, while the average annual salary of an 8-year career person would be about $8,300.00, a difference of about $1,500.00 per year.* Only 2 of our ratings, EW and

*Based on Composite Standard Military Rate Tables effective 1 July 1973, appearing in NAVCOMPTNOTICE 7041, dated 15, June 1973.

TABLE 20

RATE	A. ESTIMATED PER CAPITA TRAINING COSTS FOR A&C SCHOOLS, FY 74	B. ANNUAL PER CAPITA TRAINING COST 4 YR. CAREERS	C. ANNUAL PER CAPITA TRAINING COSTS 8 YR. CAREERS
EW	15715	3929	1964
DS	2648	662	331
IM	4780	1195	596
OM	2375	594	297
DP	1260	315	158
RM	2665	666	333
EM	2400	600	300
EN	1525	381	191
MR	1860	465	233
AC	12045	3011	1506
AE	7360	1840	920
AG	4915	1229	614
AW	5205	1301	651
CE	6245	1561	781

Note: Per capita training costs include:

Military and civilian instructor salaries
Training materials
Maintenance and repair of buildings
Logistics support
Military travel

SOURCE: Fred Mann, Naval Training Command, Pensacola, Florida.

AC, have average annual per capita cost differentials for the 4 and 8 year patterns of over $1,500.00. For all others a single 8-year career person would therefore appear to cost more than 2 4-year enlistees, when only training costs and salaries are considered. If the proposed 8-year career separation bonus (see below) is factored in, the 8-year career program would appear to be slightly more expensive than 2 comparable 4-year-only enlistments, except for extremely expensive officer pilot training programs. But the costs may still be deemed necessary if enlistments drop off. Moreover, an 8-year career person is presumed to be worth the increase in salary for the latter 4 years of his career. That is, the higher cost of the 8-year program is presumed to purchase a higher quality of service.

E. Incentives for the 8-year Career

The discussion in the previous section covered the incentives internal to the 8-year career which are principally location guarantees, on-duty education, and the development of a salable trade or skill useful in making the transition to the civilian sector. In addition to these incentives, external incentives are essential to make the program attractive and to distinguish it from the normal recruitment offer. One possible incentive might be the payment of a large separation bonus to enable the "graduate" of the short career to found a small business (such as a TV repair business), to buy a home, or to make an investment which would provide security as he entered a salaried civilian career. To be competitive with the four-year enlistment with its selective ("variable") reenlistment bonus feature, this sum would have to be quite large since under present policies many enlisted men gain reenlistment bonuses of up

to $8,000. Otherwise an enlistee would tend to ignore the eight-year commitment in favor of accepting the four-year commitment; he would prefer to see how he likes the Navy before committing himself for a second four years. This poses a dilemma since a very high terminal bonus would offset the savings expected to be achieved by the institution of the eight-year system. If the Navy were to abandon the selective reenlistment bonus in favor of the separation bonus, many four-year enlistees would fail to reenlist, again with losses offsetting the potential gains of the eight-year system. It would seem that an 8-year separation bonus would have to be set perhaps 20-25 percent higher than the selective reenlistment bonus in order to attract recruits (many of whom would probably "re-up" after 4 anyway) to the 8-year package.

Part of the separation bonus might well be established as a deferred annuity payable at age 60 or some similar age, and might be used to appeal to the desire of certain individuals to attain ultimate security for their old age. Studies have shown that few young men are particularly concerned about this point at enlistment time. However, for those who are, this option might prove attractive.

Another alternative or possibly one which could be used in combination with the first might be the use of an enlistment bonus similar to the combat arms enlistment bonus (CAEB) paid to Army and Marine Corps enlistees going into combat MOS's. This system was tried as an experiment since June 1972, but it does not appear to have been effective.*

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*See Sheldon Haber, Compensation and Non-Compensation Inducements and The Supply of Military Manpower (George Washington University Econometric Research on Navy Manpower Problems, Technical Report, Serial TR-1142, 30 July 1973), pp. 6-8.

Presumably, however, these high-skill career fields we have been discussing would be more attractive to many potential enlistees than the combat arms. Consequently, the results of the Army/Marine Corps experiment may not have a close correlation to possible Navy experience under a similar system.

Another option might be an improved GI Bill for eight-year men with the GI Bill entitlement for shorter terms remaining roughly as at the present time. A differential GI Bill for the eight-year men might well prove attractive.

For officers it is believed that the separation bonus should be the main feature of the incentive package.

f. Legislative Aspects of the Incentive Package

There are two pieces of legislation pending before Congress which have applicability to the proposals made in this study. They are: (1) the uniformed services special pay bill, and (2) a non-disability retirement bill.

The uniformed services special pay bill has a number of provisions bearing on the 8-year proposal. It contains a flexible enlistment bonus comparable to the combat arms enlistment bonus currently authorized for experiment, and it eliminates automatic reenlistment bonuses thereby enabling the Secretary of the Navy to apply the reenlistment bonus to certain skills in short supply. This provision would have obvious application to an enlistment bonus for the 8-year career. Another feature alters the variable reenlistment bonus. The amount of the bonus payment would vary depending on the severity of the retention problem, and the particular skill, and members who reenlist in the skill when no shortage

exists would receive no selective reenlistment bonus. As the Navy's present allocation of variable reenlistment bonuses (and, for that matter, the Navy's present allocation of proficiency pay) has recently been shown to be out of synchronization with actual Navy needs (represented in Table 23 by low career manning ratios), a change of the rules would appear appropriate. If this extremely sensible provision is enacted, reenlistment bonuses could be held down for normal four-year enlistees and these monies might then be shifted into a separation bonus which could be offered as a part of the eight-year package. Another feature is an officer continuation payment, which is an expansion of an idea used in the nuclear force. Again, this bonus could be shifted to the end of the eight-year period and perhaps "sweetened" to make it a more attractive package. The legislation would have to be "fine-tuned," either during the current consideration of the legislation or later, after an eight-year program was implemented. However, since the precedents would seem to be well established if a bill is enacted, great difficulty is not foreseen in later refinement of the legislation.

The other pending bill of interest is a non-disability retirement bill which has a number of features applicable to this proposal. The basic feature of the non-disability retirement bill is to divert personnel from less efficient 20-year retirement patterns and to encourage them to serve a full 30 years, while providing equity payments or deferred annuities to those leaving the service prior to the completion of careers. One of the provisions of the bill is that a <u>voluntary</u> separatee with ten or more years' service would be eligible for an equity payment. An involuntary separatee with five or more years of service would be eligible

[illegible]

PERCENT OF RATINGS WITH LOW CAREER MANNING RATIOS (CMR), WITH A VARIABLE REENLISTMENT BONUS (VRB), AND WITH PROFICIENCY PAY (PRO PAY) BY SSD SELECTION GROUP, 1971

SSD GROUP [a]	PERCENT OF RATINGS IN SSD GROUP		
	LOW CMR [b]	WITH VRB [c]	PRO PAY [d]
Electronics equipment repairmen (11)	92	100	55
Communication and intelligence specialists (8)	63	100	17
Medical and dental specialists (2)	50	50	0
Other technical and allied specialties (5)	100	40	0
Administrative specialists and clerks (3)	50	11	0
Electrical/mechanical equipment repairmen (17)	76	65	0
Craftsmen (12)	75	33	0
Service and supply handlers (6)	0	0	0

[a]Number of different ratings in each SSD group shown in parentheses.

[b]Percent of ratings with a career manning code of A or B.

[c]Percent of ratings providing a Variable Reenlistment Bonus.

[d]Percent of ratings providing Proficiency Pay.

SOURCE: Sheldon Haber, Some Aspects of Navy Manpower Management, Career Manning Ratios, Variable Reenlistment Bonuses and Proficiency Pay, (Technical Report of the George Washington University Center for Econometric Research on Navy Manpower Problems, Serial TR-1168, 30 July 1973).

[illegible]

During the course of the study, contacts were made with representatives of various labor unions to discuss labor's position and any policies of labor unions.[1] The basic purpose of the discussions was to ascertain the reaction of labor organizations to such programs--the obstacles to what degree the unions would be willing to cooperate in terms of accepting people into the unions who were not of the same skill classification, and to ascertain reaction to the labor[illegible] transfer concept where to might involve members of labor unions.

Group officials made up initial contact Reginald Bezell, Executive Director of Research for the International Association of Machinists and Aerospace Workers, Alvin Baum, Administrative Assistant to the President of this same union, Robert Cook of the National Conference of the International Brotherhood of Electrical Workers, and Bernard Samuels, Director of the Joint Apprenticeship Training Department of [illegible]. Fifty [illegible] and [illegible] interviews private job markets for Navy veterans.[2]

Labor and the Navy Career

Among the individuals contacted was Charles D. Bradford, Assistant Director of the Human Resources Development Institute at the AFL-CIO Headquarters in Washington. Mr. Bradford, whose work at HRDI involved job development and placement, manpower planning, building trades programs, veterans assistance programs, and the like, explained that HRDI cooperates with 26 Organizations in the Workers Opinion (HRDI). Of the various functions performed by HRDI, the Veterans Assistance Program is most germane to the present study. Its function is to help vets leaving the service find

coordinate with national and regional headquarters, it might even be possible to get circulars sent to locals from these headquarters to expedite the utilization of such information there.

This coordination with unions as well as industry would seem well advised not only because it could avoid problems later on when a young man begins work, but because the unions have such a central file of important information, such as the thousands of job descriptions, which might be difficult to gather industry by industry. It is also apparent that if union cooperation is sought initially, their attitude about the entire program would be much better than if they were brought in after the programs were well under way. The criticisms we heard of Project Transition in the services from union people give the impression that had union officials been involved earlier, some of the problems with Project Transition might have been avoided. Instances of no credit being given by unions for in-service training were brought to light by union execs, who want to avoid this in the future.

This is not to say that there was excessive criticism of service training programs or that much of this training was not applicable to positions in civilian life. But it seems clear that closer cooperation with the unions in describing the experience (or even in setting up the training) of service personnel would benefit the discharged veteran considerably in many cases, particularly since union people said they would be "delighted" to become involved in such cooperation.

Labor and Lateral Transfer

With regard to lateral transfer, Mr. Bradford and Michael Arnold of HRDI, as well as the other union representatives of individual unions

with whom we spoke, all made the point that unions would be quite willing to cooperate with the Navy and with industry in arranging for lateral transfer of union members from industry to the Navy with the provision that the union locals concerned be brought into the discussions at the beginning. We suspect that if management and the Navy meet and make arrangements for such lateral transfer and, after reaching agreement, notify the unions of their decision, the unions will prove to be uncooperative. The AFL-CIO position is that they will cooperate with any and all such programs provided the programs are created in good faith and that they are included in all discussions.

With regard to the question of the standing of union members in their own local unions during and following participation in a lateral transfer program, some union officials felt that existing laws governing military service for persons drafted or called up for reserves might be applicable in this situation. Such laws require that the unions permit such individuals to retain their seniority in their locals, and their jobs in industry. Some union officials felt that the same regulations should apply to individuals involved in a lateral transfer program and that their positions both on the job and in their unions would thus be protected. Others felt that this might not be possible. The problem of seniority for union members is comparable to that of young executives fearful of getting out of step with career promotion patterns. Union workers acquire local seniority numbers based on the time spent working as a union member; dropping out for a year or 18 months to take the family to sunny Guantanamo as a lateral transfer chief machinist's mate might result in one's loss of local seniority, as those with less seniority earn more local union employment time and pass the lateral transfers by.

The problem with the seniority issue is the question of injustice to the other union members who stay behind on the job. Unions, however, have traditionally tended to be patriotic and very lenient with those members who are felt to be making sacrifices for their country.*

One union official suggested that many union officials are themselves qualified to fill naval commissioned (or warrant) officer billets (in administration, training, etc.) and that unions should therefore be included among those companies approached if the Navy adopts a lateral transfer program. Given the general tendency, which Seymour Lipset has frequently commented on, for American union leadership to seek to adopt the kinds of managerial and administrative mores of their industrial counterparts, we feel that the Navy might find some union execs a ready, willing, and able (if possibly status-motivated) pool of potential lateral transfer officers.

*For example, the railroad operating brotherhoods allowed their members in the service during World War II (including those who "sneaked" in from high priority, draft-exempt jobs) to keep their seniority and roster numbers not only while in the service, but also while they attended school under GI Bill provisions. Such men could, and did, return, "bump" a job during the summer, and leave again in the fall with full seniority rights to take a job which their roster numbers entitled them to later on.

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APPENDICES

APPENDIX A

COMPANY: Bethlehem Steel

LEVEL OF CONTACT: Vice President, and
Manager of Industrial Relations

SUMMARY OF DISCUSSION: Bethlehem has provisions for salaried people to take leave for periods of up to two years for government service. Individuals requesting such leave are subject to approval by their department heads and subsequently up the line. Criteria for participation would include acquisition of experience not otherwise obtainable, and the ability of the company to spare the individual for the period of service. Among the questions raised where the status of people in such a program in a national emergency; whether the Navy would reimburse the company for any salary the company paid the individual, whether the Navy would pay relocation costs both ways. Bethlehem is not interested in taking Navy people into the company but indicated they would participate in a company-to-Navy exchange program.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): Willingness of the people to participate and right to recall people in emergency.

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive

Navy-to-Industry: Negative

COMPANY: American Airlines

LEVEL OF CONTACT: Director of Corporate Organization

SUMMARY OF DISCUSSION: American Airlines was extremely receptive to the basic concept, subject to their ability to provide the requisite people when the Navy needed them. They felt that the program as postulated was perfectly straightforward and is a concept now being practiced by other areas in the Federal government. They have recently participated in a cross transfer of personnel between government and industry, presumably the President's Interchange Program. It would appear that American will participate to whatever degree possible in any program which may develop.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated beyond availability of people.

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Positive

Navy-to-Industry: Positive

COMPANY: Columbia Gas

LEVEL OF CONTACT: Vice President, Corporate Planning

SUMMARY OF DISCUSSION: Columbia Gas takes a very negative view of all such programs. They do not see any possibility of company participation. Their position may be summarized as follows: 1) Business community does not receive any lasting benefits from such a program; 2) If the Navy does its job properly it won't need outside help; and 3) In their view it is not a workable plan. It appears that Columbia will not be swayed in their position but a suitable program might make them change their approach.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None

STATED POSITION OF LATERAL ENTRY PROGRAM

Industry-to-Navy: Negative

Navy-to-Industry: Negative

[illegible]

[illegible] Ford Motor Company

[illegible] Cooperative Planning

[illegible] Initially Ford expansion was very negative. The feeling was that Ford people participating in such a program would gradually rise their standard of living by taking their position in the planning areas. This was seen to be counteracted a bit by the fact that a company spokesman, rather an outside [illegible] because [illegible] Ford could be recognized in such a program but actual delivery of improved rights cannot be accomplished since they thought it was not the time for such improvements and politically sensitive people would be against it. They cited a critical shortage in engineering and other areas of Ford interest. They were however more optimistic in that they started out doing.

[illegible] None stated.

[illegible]

[illegible] Indefinitely positive

[illegible] Indefinitely positive

[illegible]

[illegible]

[illegible]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

COMPANY: Grumman Aerospace

LEVEL OF CONTACT: Director of Advanced Planning,
Deputy Director of Service Department,
Member of Advanced Systems Group

SUMMARY OF DISCUSSION: Grumman foresees no particular problem in participating in either industry-to-Navy program or Navy-to-industry program. At the present time Grumman has people with NASA and with the Navy Aviation Engineering Service Unit, operating from Philadelphia. They are most interested in cooperating with the Navy in any type of exchange program which might evolve.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive

Navy-to-Industry: Positive

COMPANY: General Foods

LEVEL OF CONTACT: Vice President, Director of Personnel

SUMMARY OF DISCUSSION: General Foods has participated in other government exchange programs and would do so here, circumstances and personnel strength permitting. They could not, however, guarantee delivery of a body on request, since at the moment they are experiencing severe personnel shortages in many critical areas. They would, however, be quite happy to participate at some future time when their personnel situation is less critical. In general, reception was quite favorable and General Foods will probably participate in any program which might evolve.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): Availability of personnel at time of request.

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive

Navy-to-Industry: Positive

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COMPANY: Olin Industries

LEVEL OF CONTACT: Vice President

SUMMARY OF DISCUSSION: Very negative reaction to either Navy-to-Industry or industry-to-Navy exchange. It was stated that Olin has problems with internal transfers and would not contemplate participation in such a program, particularly with the armed services. There is a distinct possibility, however, that further discussion in other areas of the company would result in more positive reactions. At the moment, however, Olin must be considered a negative factor.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Negative

Navy-to-Industry: Negative

COMPANY: Bechtel Corporation

LEVEL OF CONTACT: Vice President

SUMMARY OF DISCUSSION: Bechtel is presently engaging in the President's Executive Exchange Program. In principle, there appears to be no problem in participating in a Navy program. It was suggested that a good approach to Bechtel would be to request specific individuals within the company for such a program, since otherwise people selected by the company might feel that they were considered dead wood or otherwise held in low regard. It was also suggested that the Navy approach the company at a high level to discuss specific programs. In general, Bechtel is quite interested in such a program and would probably participate when and if approached.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive

Navy-to-Industry: Positive

COMPANY: Chemical Bank

LEVEL OF CONTACT: Vice President

SUMMARY OF DISCUSSION: Chemical Bank states that it has no interest in such a program due to personnel shortages at the moment and also due to inability to find a parallel between banking operations and Navy operations.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Negative

Navy-to-industry: Negative

COMPANY: Westinghouse

LEVEL OF CONTACT: Vice President and Personnel Director

SUMMARY OF DISCUSSION: In general, Westinghouse is favorably disposed toward an industry-to-Navy exchange program. It is presently engaging in such programs with other government agencies, although would not specify which. They foresee a possibility of problems with regard to compensation, but believe that these would not necessarily be serious with regard to Navy-to-industry. Westinghouse is very very much opposed. It was stated that this could not be made to work at Westinghouse, primarily because it would involve too much trouble to try and find billets which the Navy personnel could usefully fill in the company for such a time period.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Positive

Navy-to-Industry: Negative

COMPANY: Eastman Kodak

LEVEL OF CONTACT: Vice President and Personnel Director

SUMMARY OF DISCUSSION: Initial discussions were neither negative. Eastman Kodak has not been able to find room via for government exchange programs. It was stated. Proprietary areas in the company must be protected which tends to negate participation by the company. Further discussion, however, resulted in a shift of position to the point that it was stated that Eastman Kodak would probably be willing to participate on a small scale or individual basis. It developed subsequently that Eastman Kodak is at the present time engaged in the Air Force Exchange Program so that there is a precedent within the company. It would appear that Eastman Kodak would in fact go along with an industry-to-Navy exchange program. They state however that they would not go along with a Navy-to-industry program primarily because of their fear of proprietary disclosures. Since they are engaged in the Air Force Exchange Program, it seems reasonable to believe that they would also cooperate in a similar Navy program. For the record however, they say they will not.

POSSIBILITY TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Positive

Navy-to-Industry: Negative

[illegible]

[illegible]

[illegible] The Whole Corporation

[illegible] Whole Investment

[illegible] Whole would be willing to participate in a program as an integral part, i.e. they would because it [illegible] Whole Corporate share. They would not be restricted to [illegible] participation in a nationwide program particularly where such participation is [illegible] supplied Whole is [illegible] basis as required. Whole presently [illegible] in [illegible] government [illegible] program which may or will not [illegible] or is a Whole program [illegible] in the [illegible]

[illegible] Qualifications of [illegible] Qualifications of personnel as they [illegible]

[illegible]

[illegible] Whole

[illegible] [illegible]

[illegible]

[illegible]: The Incumbent Commits If Work Omitted

[illegible] IF [illegible]: Drive Electronic Act
Drive Volunteers, Abstracting

[illegible] IF [illegible]: [illegible] made by Incumbent to [illegible] if an exchange program. The principal Government of such [illegible] if work is omitted, unless [illegible] Section. [illegible] Title 7 the agency [illegible] be used by the Navy to [illegible] [illegible] Title [illegible] Act but Navy to [illegible] [illegible] period equal to such [illegible] [illegible] Level of a school [illegible] [illegible] Assistant to [illegible] [illegible] Act not [illegible] [illegible] [illegible] Support to Navy personnel [illegible] [illegible] [illegible] Act, but [illegible] [illegible] [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

COMPANY: Simmonds Precision Products Incorporated

LEVEL OF CONTACT: Vice President

SUMMARY OF DISCUSSION: Simmonds would endorse the program and would participate to whatever degree feasible. Participation would of course depend on availability of people at the time of the request. Regarding Navy people to industry, Simmonds would be interested in this aspect subject to the background of the individuals who would be coming in. In general, although a small company, Simmonds would be interested in participation to whatever degree possible.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): Availability of personnel

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive conditionally

Navy-to-Industry: Positive

COMPANY: The Raymond Corporation

LEVEL OF CONTACT: President

SUMMARY OF DISCUSSION: The Raymond Corporation would be interested in participation assuming that they have the requisite personnel available at the time of the request. They see educational benefits to participants and on their part they could use Navy people. If they are in a down-trend at the time of the request from the Navy they could probably supply some people under an industry-to-Navy program. There is no policy within the company which would prevent such participation. They expressed a distinct interest in the program and would like to be kept informed of developments.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Positive

Navy-to-Industry: Positive

COMPANY: Ohmart Corporation

LEVEL OF CONTACT: President

SUMMARY OF DISCUSSION: The company is far too small to participate in an industry-to-Navy exchange program. They would be interested in so doing but they simply do not have the people. They might however be interested in a Navy-to-industry program provided the individuals concerned had the proper background, which in their case would be basically electronics. The company uses outside resources routinely and feels that Navy personnel would probably fit in very well.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Negative

Navy-to-Industry: Positive

COMPANY: Joseph Dyson & Sons Incorporated

LEVEL OF CONTACT: President

SUMMARY OF DISCUSSION: The company is too small and has too few employees to participate in an Industry-to-Navy exchange program. Additionally the company is too small to absorb Navy personnel. The President has a very regard for the Navy and will cooperate to whatever degree possible but because of company size, with only 250 employees, participation is not likely.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Negative

Navy-to-Industry: Negative

COMPANY: Tennant Company

LEVEL OF CONTACT: President and
Executive Vice President

SUMMARY OF DISCUSSION: Company is too small to provide people for an exchange program under any foreseeable circumstances. It would,however,be interested in receiving Navy people. In general the feeling was an exchange program might be too cumbersome for the degree of good it might do. Despite this the Tennant Company would be interested in receiving Navy personnel should such a program evolve. In general,discussions were most friendly and it was clear that the Navy is held in high regard by the company.

PREREQUISITES TO PARTICIPATION IN PROGRAM[S]: None stated

STATED POSITION RE LATERAL ENTRY PROGRAM:

Industry-to-Navy: Negative

Navy-to-Industry: Positive

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COMPANY: Avenco Tools Incorporated

LEVEL OF CONTACT: President

SUMMARY OF DISCUSSION: Avenco is not in a position to cooperate because of staff shortages. They are presently short in personnel in critical areas. They feel, however, that some companies are overstaffed and would welcome such a program. With regard to Navy-to-industry, they would be interested in participation provided people with the proper background were made available. In their case they would particularly be interested in people with automotive engineering backgrounds and people who by nature were [redacted]. They have had Navy enlisted personnel [redacted] their shops in the past with very [redacted] results. They would be particularly interested in acquiring Chief Petty Officer type [redacted] an exchange program.

PREREQUISITES TO PARTICIPATION IN PROGRAM(S): None

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Negative

Navy-to-industry: Positive

COMPANY: Wagner Casting Company

LEVEL OF CONTACT: President and
Director of Personnel

SUMMARY OF DISCUSSION: Wagner is a very small company with few employees and none in excess. They would like to participate however, if it were possible to do so at the time of the request. They would be very interested in having Navy people in the company and will be very happy to cooperate to whatever degree possible.

PREREQUISITE(S) TO PARTICIPATION IN PROGRAM(S): None stated

STATED POSITION RE LATERAL ENTRY PROGRAM

Industry-to-Navy: Positive

Navy-to-Industry: Positive

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[redacted]

[redacted] The Talbot Company

[redacted] Personnel Manager

[redacted] Great enthusiasm for the concept was expressed by both managers. Principal problem is small size of company. Limited personnel. They believe that they could work around this. However, would be delighted to have Navy personnel aboard ship. They feel that an exchange program would be most beneficial for the Navy, for the companies participating and for the people concerned.

[redacted] None

[redacted]

[redacted] Positive

[redacted] Positive

[illegible] [illegible]

[illegible] Theodore Chemical Company

[illegible] Purchase

[illegible] The cost [illegible] of the company would probably preclude participation in industry-wide programs [illegible] because participating would have a large [illegible] in the organization which would have to be hired. This would cause problems when the participants succeeded in the company. There may be ways to solve [illegible] hiring for large companies. The company might be interested in monitoring Navy Privacy and the groups management because [illegible] in general the concept is somewhat interesting but the company is not sure it would be able to get involved.

[illegible] None

[illegible]

[illegible] Negative

[illegible] Positive [illegible]

[illegible]

[illegible]

[illegible]

Engineer (water trans.) 1st, 2nd & 3rd Assistant (must hold U.S. Coast Guard license)	197.130
Entomologist (profess. & kin.)	041.081
Experimental Mechanic (aircraft mfg.) I	693.281
Farm-Equipment Mechanic (agric.) I	624.281
Farmer, Contract (agric.)	409.883
Farmer (Special Definition)	-------
Field Engineer (electronics)	829.281
First Helper (iron & steel)	512.782
Foreman (Critical Occupations Only) (Special Definition)	-------
Foreman, Blast Furnace (iron & steel)	519.132
Formation Testing Operator (petrol production)	930.281
Form Builder (aircraft mfg.)	693.280
Geologist (profess. & kin.)	024.081
Geophysicist (profess. & kin.)	024.081
Glass Blower, Laboratory Apparatus (glass prod.; inst. & app.)	772.281
Health Physicist (profess. & kin.)	079.021
Heat Treater (heat treat) I	504.782
Heavy Forger (forging)	612.381
Instructor, Vocational Training (education)	097.228
Instrument Maker (any ind.) II	600.280
Instrument Man (aircraft mfg.; air trans.) (must hold FAA license)	710.281
Instrument Repairman (any ind.) I	710.281
Intelligence Specialist (gov. ser.)	059.088
Jewel-Bearing Maker (jewelry.)	770.381

Job Setter (mach shop.)	600.380
Lay-Out Man (any ind.) I	809.381
Lay-Out Man (mach. shop.)	600.381
Lead Burner (welding)	815.281
Lineman (const., light, heat & power)	821.381
Lineman, Repair (const., light, heat & power)	821.381
Loftsman (aircraft mfg.)	693.381
Loftsman (ship & boat bldg. & rep.)	661.381
Loom Fixer (asbestos prod; narrow fabrics; textile)	683.280
Machine Repairman Maintenance (any ind.)	626.281
Machinist (mach. shop.) I	600.280
Machinist, Outside (ship & boat bldg. & rep.)	623.281
Maintenance Machinist (any ind.)	600.280
Maintenance Mechanic (any ind.) II	638.281
Manager, Farm	409.168
Managerial Occupations, Key Positions (Special Definition)	-------
Master, Ship (water trans.) (must hold U.S. Coast Guard license)	197.168
Mate, Ship, First and Second (water trans.) (must hold U.S. Coast Guard license)	197.133
Mathematician (profess. & kin.)	020.088
Metal Fabricator (boilermaking) II	619.380
Matallurgist, Extractive (profess. & kin.)	011.081
Metallurgist, Physical (profess. & kin.)	011.081
Microbiologist (profess. & kin.)	041.081
Millwright (any ind.)	638.281

Miner (mining & quarrying.) I	939.281
Mock-Up Man (aircraft mfg.)	693.381
Model Maker (aircraft mfg.)	693.381
Model Maker (firearms)	600.280
Molder (foundry.)	518.381
Molder, Pattern (foundry)	693.381
Molder, Punch (aircraft mfg.)	502.381
Mold, Finisher (mach. shop.)	705.884
Mold Finisher & Repairman - see - Machine Molder (foundry)	518.782
Navigator (air trans.)	196.188
Nurse, Professional (medical ser.) (must hold State license)	075.118 thru 075.378
Orthopedic - Appliance and Limb Technician (surg. appl.)	712.281
Osteopathic Physician (medical ser.)	071.108
Parasitologist (profess. & kin.)	041.081
Patternmaker, Metal (foundry.)	600.280
Patternmaker, Plaster (aircraft mfg.)	777.381
Patternmaker, Plastics (fabric, plastics prod.)	754.381
Patternmaker, Wood (foundry.)	661.281
Perforator Operator, Oil Well (petrol production.)	931.782
Pharmacologist (profess. & kin.)	041.081
Physician and Surgeon (medical ser.)	070.081 thru 070.108
Physicist (profess. & kin.)	023.081
Physiologist (profess. & kin.)	041.081

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Pilot, Ship (water trans.) (must hold U.S. Coast Guard license)	197.133
Pipefitter I (const.)	862.381
Pipefitter (ship & boat bldg. & rep.)	862.281
Plant Pathologist (profess. & kin.)	041.081
Plumber (const.)	862.381
Powerhouse Repairman (light, heat, & power)	631.281
Power Plant Operator (any ind.) I	952.782
Precision - Lens Grinder (optical goods.)	675.380
Precision - Lens Polisher (optical goods.)	711.781
Production Planner (profess. & kin.)	012.188
Programmer, Engineering and Scientific (profess. & kin.)	020.188
Psychologist, Clinical (profess. & kin.)	045.108
Psychologist, Engineering (profess. & kin.)	045.088
Rigger (ship & boat bldg. & rep.)	806.281
Rolling Mill Operator (nonfer. metal alloys.)	613.782
Rotary Driller (petrol. production)	930.782
Sample Body Builder (auto mfg.)	693.380
Saw Maker (cut tools,) (Industrial only)	601.381
Scientific Linguist (profess. & kin.)	059.088
Serviceman, Oil We l (petrol. production.)	931.781
Sheet-Metal Worker (any ind.)	804.281
Shipfitter (ship & boat bldg. & rep.)	806.381
Shipwright (ship & boat bldg. & rep.)	860.381
Shooter (petrol. production.)	931.381
Signal Maintainer (r. & r. trans.)	822.281

Special Agent, FBI (gov. ser.)	375.168
Spinner, Hand (any ind.)	619.782
Stationary Engineer (any ind.)	950.782
Steel Pourer (iron & steel.)	502.884
Stillman (petrol ref.)	542.782
Still Operator, Batch or Continuous (chem.)	552.782
Switchboard Operator (light, heat, & power)	552.782
Teachers (See Special Definition 2nd amendment MAR 65 U.S. Department of Labor List of Critical Occupations (For Screening the Ready Reserve).	
Teacher, College (education) (See Faculty Member, College or University)	090.228
Teacher, Secondary School (education)	091.228
Teacher, Technical Education (education)	090.228
Teacher, Vocational Training (See Instructor, Vocational Training)	097.228
Technician, Engineering and Physical Sciences (See Special Definition 2nd amendment MAR 65 U.S. Department of Labor List of Critical Occupations (For Screening the Ready Reserve)	
Template Maker (any ind.)	601.381
Tool and Die Maker (mach. shop.)	601.280
Tool Designer (profess. & kin.)	007.081
Tool Maker (mach. shop.)	601.280
Tool Planner (any ind.)	012.188
Train Dispatcher (r. & r. trans.)	184.168
Treater (petrol refin.)	549.782
Turbine Operator (light, heat, & power)	952.782
Veterinarian (medical ser.)	073.081 thru 073.108
Wire Weaver, Cloth (wirework.)	616.782

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